FINANCIAL TIMES

World Business Newspaper

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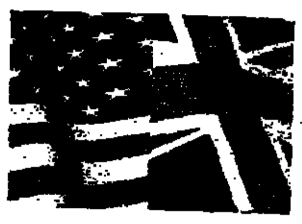
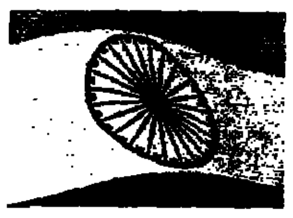


Major and Clinton
An imperfect understanding
Philip Stephens, Page 14



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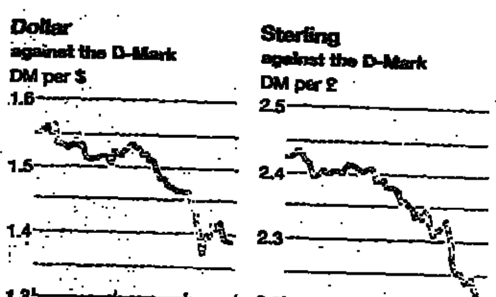

Source: FT Graphite

Sterling touches an all-time low against D-Mark

The Bundesbank council's decision to leave its interest rates unchanged sent sterling falling to an all-time low against the D-Mark of DM2.2035, before recovering to finish in London at DM2.2098. The dollar also fell sharply, but recovered with a rally in US bond and equity markets to finish at DM1.3882, against DM1.3926. The US rise was prompted by economic figures encouraging the view that interest rates are on hold. The 30-year Treasury bond was up by a point at lunchtime, with the Dow Jones Industrial Average almost 30 points ahead at 4067. EU attacks dollar 'neglect', Page 2; Currencies, Page 27; World Stocks, Page 36

Republican plan for cuts: Republican leaders unveiled plans to slash government spending by $190bn over the next five years as President Bill Clinton and his fellow Democrats attacked cuts. Page 16

Sacked Lonrho boss launches attack: Former Lonrho head Tiny Rowland has launched an emotional attack on Dieter Bock, the German financier who recently sacked him from the board of the UK company after 34 years at its head. Page 16

Barings given assurances: Senior executives of Barings, the collapsed UK merchant bank, were given daily reports indicating that the Singapore operations of trader Nick Leeson were not placing it at any risk, according to internal documents. Page 17; Liquidation sought, Page 20; Bonds, Page 26

Zedillo favours flexible peso: The Mexican peso, which has fallen sharply since the country's bungled devaluation in December, weakened again in spite of this week's sharp increase in interest rates. President Ernesto Zedillo said he favoured the eventual shift to a more flexible exchange rate regime. Page 16

Fiat chief under investigation: Fiat chief executive, Cesare Romiti, is under investigation for alleged false information over car sales to eastern Europe. For several months Italian magistrates in Turin have been investigating the billing method Fiat uses to supply cars to eastern Europe.

Croats threaten Bosnian pact: The Moslem-Croat federation in Bosnia appeared in danger of collapse after Bosnian Croats announced they would freeze all official contacts with their Moslem counterparts. Page 3

China denies WTO claim: China denied comments by US trade representative, Mickey Kantor, that it had agreed to resume talks next month on entering the World Trade Organisation. Page 5

Azerbaijani 'war' warning: Azerbaijani president Haydar Aliyev warned that the country was on "the brink of civil war" and federal troops were posted at key government buildings as the conflict between the president and an elite police force intensified. Page 2

Viacom sell-off plan setback: Attempts by US media group, Viacom, to sell its cable TV interests suffered a further setback when the Senate finance committee voted to block tax breaks for minority owners of communications companies. Page 20

White House wary on Iran sanctions: The Clinton administration backed away from efforts to tighten restrictions on trade with Iran, warning that tougher sanctions would hurt the US more than they would hurt Tehran. Page 7

New York bombing arrests: Pakistani police have arrested six men, four of them foreigners, for alleged connections to Ramzi Ahmed Yousef, a suspect in the 1993 New York World Trade Centre bombing who was extradited to the US last month.

Rwandan food crisis warning: Up to 3m Rwandan refugees face starvation next month and a deepening food crisis could trigger another outbreak of regional violence, British charities Oxfam and Save the Children said.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,067.42	(+29.05)
NASDAQ Composite	809.24	(+1.86)
Europe and Far East		
CAC40	1,785.76	(+47.16)
DAX	1,992.06	(-18.08)
FT-SE 100	3,094.1	(+47.1)
Nikkei	16,355.6	(-311.15)

US LUNCHTIME RATES

Federal Funds	$5\frac{15}{16}$%
3-mth Treas Bills: Yld	5.901%
Long Bond	$104\frac{1}{16}$
Yield	7.284%

OTHER RATES

UK: 3-mo Interbank	$6\frac{11}{16}$%	($6\frac{25}{32}$%)
UK: 10 yr Gilt	$100\frac{3}{32}$	($99\frac{3}{32}$)
France: 10 yr OAT	96.91	(96.22)
Germany: 10 yr Bund	101.43	(100.56)
Japan: 10 yr JGB	104.237	(103.631)

NORTH SEA OIL (Argus)

Brent 15-day (May)	$16.69	(16.56)

GOLD

New York: Comex		
Apr	$385.6	(387.2)
London:		
close	$383.6	(386.6)

DOLLAR

New York: lunchtime		
£	1.5885	
DM	1.39625	
FFr	4.9745	
SFr	1.1643	
Y	90.15	
London:		
£	1.5919	(1.5965)
DM	1.3882	(1.3926)
FFr	4.9555	(4.9494)
SFr	1.153	(1.156)
Y	89.575	(89.855)

STERLING

DM	2.2098	(2.2233)
Tokyo close:		Y 89.75

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11		
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30		
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60		
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00		
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.60	Spain	Pta225		
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17		
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60		
Estonia	EKr 20	Jordan	JD1.60	Poland	Zl 42,000	Syria	S£50.00		
Finland	FM15	Kuwait	Fils625	Portugal (m'land)	Es230	Tunisia	Din1.500		
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000		
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00		

US president urged to attend Victory Day celebrations in Moscow

Yeltsin proposes Clinton visit

By Bruce Clark in Moscow

Mr Boris Yeltsin, the Russian president, yesterday urged US president Bill Clinton to visit Moscow for Victory Day celebrations in May, but made clear that he remained opposed to plans for the expansion of Nato.

Looking alert and vigorous as he received a small group of reporters at the Kremlin, Mr Yeltsin insisted he took the lead on economic policy, with Mr Victor Chernomyrdin, the prime minister, next in line. He angrily denied that members of his security service interfered in economic decisions.

To sweeten the invitation to Mr Clinton, the Russian president offered to avoid the traditional, conspicuous displays of military hardware at the celebrations. He also thanked the US president for his "calm and normal" response to the bloody war in Chechnya.

Promising to maintain political stability in Russia, Mr Yeltsin said: "We do not expect any extreme situations or coups d'etat this year, even though the media here and abroad are writing about that."

On the economy, he said priorities were to lift the private sector's share of output from 60 per cent to 80 per cent this year through further privatisation, and to reform the banking system: "Chernomyrdin and I have decided to follow a stricter financial policy this year."

While extending a warm invitation to Mr Clinton, the Russian president said US-Russian differences over Nato's expansion remained unresolved, and Moscow opposed US plans for early enlargement of the alliance.

Referring to the celebrations planned for May 9, to mark the 50th anniversary of the allied victory over Nazi Germany, Mr Yeltsin said: "[President Clinton] is somewhat concerned by the planning of the event, he does not want there to be a military parade ... I think we will comply with those preconditions."

Mr Yeltsin asserted, contrary to reports of continued conflict, that the situation in Chechnya would not be an obstacle to Mr Clinton's visit because "there are no military activities" in the rebel republic.

He said he and Mr Clinton had the "identical problem" of persuading legislators to ratify the Start-2 accord on reducing the number of long-range nuclear weapons, clearing the way for negotiations on even deeper cuts.

Senior Russian parliamentarians have expressed reluctance to ratify Start-2 as long as Nato is proposing rapid enlargement and the US is considering new anti-missile defence systems.

On Nato, Mr Yeltsin said: "Our positions so far are different. We are against a sudden, accelerated, large-scale expansion of Nato.

"Look what is happening. All the countries of central and eastern Europe are going into Nato, so that the border of Nato will be on the border with Russia – and we again have two blocs, Russia and Nato ... Does that correspond to European security? No, it does not, the situation will not be calmer (as a result)."

Mr Yeltsin said he was confident the forthcoming conference on the Nuclear Non-Proliferation Treaty would agree on an indefinite extension of the accord. He said the conference should also start negotiations on the total elimination of nuclear weapons, an idea endorsed by Mr Clinton as a long-term aspiration but viewed sceptically by Britain and France.

Still master of the Kremlin, Page 15

Russian president Boris Yeltsin (centre) during a meeting with foreign newspaper journalists at the Kremlin yesterday. Press secretary Vyacheslav Kostikov (left) is to become Russia's new ambassador to the Vatican

Picture: Associated Press

Rail merger links ABB and Daimler-Benz

Groups join to become biggest force in equipment

By Ian Rodger in Berlin

Asea Brown Boveri, the international electrical engineering group, and Daimler-Benz, the German industrial group, are creating the world's largest railway equipment business by joining forces in the DM80bn ($57.4bn) market.

Mr Percy Barnevik, chief executive of ABB, said he hoped the move would kick off a much needed round of restructuring in the overcrowded sector.

Mr Edzard Reuter, the Daimler chief executive, said the venture was an important step towards Daimler's internationalisation.

ABB is one of the world's three largest railway equipment suppliers, alongside Siemens of Germany and the British-French GEC-Alsthom alliance. The merger with the railway equipment arm of Daimler's troubled AEG subsidiary would make it about 40 per cent larger than its two main rivals, with a 1995 order intake estimated at DM8bn.

The venture, to be called ABB Daimler-Benz Transportation, will employ 22,000 people in 40 countries, be headquartered in Berlin and retain main manufacturing centres in Germany, the UK and Scandinavia.

ABB and Daimler will hold equal shares in it, and Daimler will pay ABB $900m in cash to compensate for the smaller size and operating losses of the businesses it is contributing.

The deal is subject to the approval of the Daimler supervisory boards and German and European Community antitrust authorities.

Both companies said there were no grounds for rejection although the German Cartel office two years ago expressed reservations about an aborted merger plan by Siemens and the AEG railway equipment division.

Mr Barnevik said the merger would strengthen the two groups in bidding for contracts at a time when protectionism in railway equipment procurement in many countries was giving way to a concern for cost effectiveness. Privatisation in many countries pointed to strong growth in the lucrative maintenance field.

The overall market was expected to grow by 7 or 8 per cent annually in the next few years as many industrialised countries turned to environmentally friendly railways to solve their transport problems and developing countries sought to upgrade their railway networks.

However, overcapacity meant that competition was excessive. Mr Kaare Vagner, the ABB executive who will be chief executive of the new company, said prices on big contracts had fallen by as much as 30 per cent in the past year.

The two groups were mainly complementary, with ABB strong in heavy locomotives and electrical equipment, while AEG specialised in light and urban equipment. The main capacity overlap was in Germany, but neither side would indicate the scale of rationalisation to come.

Asked what ABB would do with the $900m, Mr Barnevik said the group was investing heavily in Asia. "But if we cannot use it, we will increase the dividend to shareholders," he said.

Lex, Page 16

Toyota's UK project to lead Japanese pressure in Europe

By John Griffiths in London

Toyota's decision to double capacity of its UK car plant, confirmed yesterday, will be followed by a number of other Japanese car projects in Europe, which has barely begun to feel the Japanese industry's competitive pressure, the chairman of Ford, Mr Alex Trotman, said yesterday.

"The [Japanese] needle is only about one-third in to the thigh of European manufacturers," Mr Trotman added.

Commenting on the Toyota expansion during a flying visit to London, Mr Trotman, who heads the world's second largest vehicle producer, warned that complacency creeping into North America and Europe about the Japanese industry's current faltering sales performance in both regions was entirely misplaced.

Japan's vehicle industry was working "with amazing speed" to counteract its problems of the strong yen and to recover from its domestic recession. "They will be back and they will be very strong," said Mr Trotman.

Under its expansion programme Toyota will introduce a second model, the next generation of the Corolla, to join the Carina E range on its assembly lines at Burnaston in Derbyshire, in the English Midlands, starting in 1998.

This will lift capacity to 200,000 cars a year and create an additional 1,000 jobs at Burnaston when the Corolla is in full production. The plant employs 1,740. At least 4,000 extra jobs are forecast to be created among its 200 component suppliers throughout Europe. Of these just over one half are based in the UK.

Toyota's expansion lifts its total manufacturing investment in Europe to £1.2bn. It was warmly welcomed yesterday by the British government, which had been trying for many months to persuade a seemingly reluctant Toyota to undertake the long-expected step.

Depressed European markets and fierce competition have led to Toyota failing to meet its original production targets at Burnaston. It had hoped to reach full-capacity output of 100,000 Carinas this year but now plans to make around 90,000. The addition of the second model is expected to give it more flexibility to respond to shifting market demands.

Mr Michael Heseltine, UK trade and industry secretary, described the move as "yet another vote of confidence in the UK as a favoured location for foreign investors".

Details, Page 9

Italian budget survives confidence motion

By Robert Graham in Rome

The two-month-old Dini government narrowly survived a vote of confidence in Italy's chamber of deputies yesterday, temporarily thwarting the plans of Mr Silvio Berlusconi, the former prime minister, to force an early general election.

Mr Lamberto Dini, the prime minister, described the outcome, which ensured the passage of a L20,000bn ($12bn) mini-budget, as "a victory for common sense". He said the way was now clear to concentrate on pensions reform, the last of the tasks he has pledged to tackle during his limited mandate.

The package of tax increases and spending cuts passed on the confidence motion – 315 votes in favour, with 309 against and one abstention. The government had required 313 votes to achieve a majority.

Before the outcome was clear, the value of the lira oscillated wildly, at one stage touching a new low against the D-Mark of L1,230. By the end of the day the lira was still under pressure, being quoted at L1,224, which reflected continued uncertainty over the Dini administration's ability to push through pensions reform and draft guidelines for the 1996 budget.

Mr Dini himself observed that the markets had largely discounted the mini-budget's approval: "Thus I don't expect significant improvements in the lira tomorrow; but certainly there would have been a definite deterioration if the package had not been approved."

The government was backed by the parties in the centre and on the left. They included 17 of the 39 deputies in Reconstructed Communism, formed from the hard line of the old Italian Communist party. They broke party discipline to support the austerity measures and their contribution was decisive.

The centrist Popular party (PPI), in the process of splitting

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NEWS: EUROPE

Talks open in Azerbaijan rebellion

By Chrystia Freeland in Moscow

Azerbaijan's government yesterday began negotiating with a mutinous interior ministry police force, whom President Haydar Aliyev had accused of trying to stage a coup, the Russian news agency Itar-Tass reported.

Fighting between the two sides has reportedly claimed dozens of lives in the past few days. However, Mr Namik Abbasov, the interim security minister, said last night it had died down. He said the government was not planning to attack the headquarters of the elite OPON force because of the risk to civilians.

The conflict erupted into violence on Monday when OPON members attacked a police station in Baku, the capital. According to an unconfirmed report from Turan, the Azeri news agency, dozens of people have also died in clashes between the OPON and government troops in the northern region of Azerbaijan.

This week's political instability has raised concerns about the future of a $7.4bn deal Azerbaijan reached last year with western oil companies to develop oil fields in the Caspian Sea, but western businessmen in Baku said the struggle had not yet jeopardised their investments.

Appearing on Azeri television late on Wednesday night, President Aliyev accused Mr Rovshan Javadov, deputy interior minister and commander of the OPON, of attempting to stage a coup. "Azerbaijan is again on the brink of civil war," he said, acknowledging that blood had already been spilt in the conflict.

"He [Javadov] and his brother have turned the Azeri crack police forces into their own field camp. If the Javadovs do not lay down their arms, the full severity of the law will be used against them," Mr Aliyev said.

The current conflict was provoked when the Azeri government accused the OPON of smuggling strategic metals, notably copper, out of the country and ordered the 3,000-strong force disbanded. The OPON responded by seizing government buildings in two cities in northern Azerbaijan, reportedly the area of the most intense fighting.

President Aliyev, a former member of the communist politburo known for a tough style of governance, has already resisted one challenge from the OPON.

Last October, he declared a state of emergency after the unit held Azerbaijan's prosecutor general hostage for several hours. Mr Aliyev accused Mr Javadov of masterminding that incident and this week's fighting appears to be the next act in the power struggle between the two men.

Mr Javadov told reporters yesterday that he was ready to reach a compromise with the president. Government negotiators told Itar-Tass that he was seeking the job of interior minister for himself and wanted his brother, Mr Makhir Javadov, to become prosecutor-general in exchange for ending the stand-off.

Although the Azeri government appears willing to talk to the rebels, on the evidence of his Wednesday night television address President Aliyev seems unlikely to admit the Javadov brothers into his cabinet.

Unlikely allies save Italy's credibility

Robert Graham in Rome reports on how the ex-communists opted for fiscal responsibility while Berlusconi's party of business played politics with the budget

The perverse logic of Italian politics was on display in all its grubby detail yesterday as the government of prime minister Lamberto Dini narrowly won a vote of confidence on its L20,000bn (£7.36bn) mini-budget.

The two-month-old government survived by 315 votes to 309 with one abstention. This was thanks to a topsy-turvy combination of alliances.

Mr Dini was supported by the centre-left; those who were his opponents in the previous right-wing government of Mr Silvio Berlusconi where he was treasury minister.

In contrast, Mr Berlusconi and his allies disowned Mr Dini. They voted against him even though as early as last November the media-magnate-turned-politician admitted corrections were necessary to achieve the 1995 budget objectives.

The decisive element in yesterday's vote was the split among the 39 deputies of Reconstructed Communism, formed from hardline remnants of the old Italian Communist party. Almost half ignored disciplinary action and voted for the government, fully aware that the package of austerity measures is unpopular. It will add nearly L400,000 a year to family budgets and increase fiscal pressure in 1995 by 0.8 per cent.

The pro-government support coalesced around two basic points. The first was a genuine sense of responsibility over the need to introduce corrective measures to hold the budget deficit down to 8 per cent of gross domestic product. They recognised that failure to approve the measures would lead to a further disastrous erosion of Italy's international credibility, with significant consequences for an already enfeebled lira and with knock-on effects for the debt stock and inflation. Uncertainties over the budget have forced the lira to devalue 5 per cent against the D-Mark since January.

The centre-left, headed by the former communist Party of the Democratic Left (PDS), has thus chosen to play the responsible card of national interest. This attitude was especially relevant in the case of the centrist Popular party (PPI) which has split down the middle over whether or not to forge an electoral alliance with the PDS. Mr Rocco Buttiglione, the PPI leader, is committed to joining Mr Berlusconi's alliance to fight the April 23 regional elections; but he and his supporters backed the government despite strong pressure from the Berlusconi camp.

The position taken by the centre-left carried a potential electoral cost. The PDS-dominated coalition risks being identified in the next elections with high taxes. One of Mr Berlusconi's winning cards in the March 1994 elections was a pledge to cut taxes.

Yet Mr Berlusconi and his allies have also assumed an electoral risk by dissociating themselves from responsible corrective measures and ignoring the consequences of a financial crisis that has begun to affect the pockets of their own electorate whose savings are in treasury bonds. In fact, Mr Berlusconi has managed to reverse the roles he set out to portray when he deserted his Fininvest business empire to enter politics in January 1994. Then he portrayed the left as anti-business and liable to ruin the state's coffers; while he was pro-business and ready to put Italy's public finances in order.

But this has not been a battle of saints and sinners. Of equal importance in the vote was the centre-left's determination to prevent Mr Berlusconi forcing the country towards early general elections on his own terms. For instance, no laws have yet been passed regulating the conflict of interest between his role as a politician and his ownership of Italy's second largest private business group. Nor are there any adequate rules for the use of television during elections. By the same token, Mr Berlusconi's outright opposition to the government – announced a week ago – has been dictated by his desire to see elections by June.

If reason has played a part in his calculations, it is hard not to conclude that Mr Berlusconi fears being kept away from power too long. (He was ousted in December on a vote of confidence.) His opponents are convinced he wants a June election to ensure the postponement of three referendums whose outcome could not only strip him of two of his three television channels but reduce his TV advertising income. After yesterday's vote there were loud cries from the PDS and populist Northern League: "And now for the referendums!" In reply Mr Berlusconi's supporters yelled: "Elections! Elections!"

Mr Berlusconi is unlikely to be swayed from his goal of a June general election. He will now use every opportunity to demonstrate that the Dini government, composed of non-parliamentarians, lacks a coherent parliamentary majority. The very narrowness of yesterday's vote means that it will be even more difficult for the government to achieve its next objective of pensions reform. Here Mr Dini cannot rely on a split in the Reconstructed Communist vote – or on the PPI remaining united. The political atmosphere is also so poisoned that the centre left's aim of staving off elections until the autumn looks increasingly implausible.

Editorial comment, Page 15; Lex, page 16

Chirac sets out foreign agenda

By David Buchan in Paris

Mr Jacques Chirac, now the front-runner in the presidential race, yesterday promised to keep France a "first rank" power in the world, and to give its relations with Germany "a new impetus" to create together a stronger Europe.

In the most closely watched part of his speech outlining his foreign policy platform, Mr Chirac recalled that he had supported the Maastricht treaty and said he was "personally committed to full realisation" of its provision for economic and monetary union, though he put no date on it.

Stressing defence issues more than his rivals, Mr Chirac said that, if so advised by the military experts, he would, as president, rapidly resume nuclear weapon testing in the south Pacific. But he planned to couple with this action setting a date for "a final and total end" to such tests in the interest of discouraging nuclear proliferation.

Three years ago President François Mitterrand halted nuclear tests, forecasting that no successor of his would dare defy world opinion by resuming them.

Mr Chirac suggested that France might widen its current dialogue on nuclear weapon doctrine with the UK to other European countries, but also showed support for a Nato reformed to give its European members more say. Indeed, he proposed that Nato foreign and defence ministers should start meeting, ending a separation devised for France which in 1966 quit the alliance's integrated command while remaining in its political deliberations.

Mr Chirac, who in the late 1970s denounced Europe for reducing France to a vassal state, carefully gauged yesterday's speech to please pro-European centrists recently siding with him. In next year's EU constitutional conference, Mr Chirac said that, if elected to the Elysée, he would "give priority" to moving in lock-step with Chancellor Helmut Kohl of Germany. However, he appeared to show little of the German taste for reinforcing the European parliament, preferring instead to enhance the role of national legislatures.

The mayor of Paris's main focus was on the EU council of ministers, which he suggested should be headed by a president chosen for a three-year term to ensure the Union had "one face and one voice".

Mr Valéry Giscard d'Estaing, former president of France and now of the UDF, said yesterday he was pleased to see Mr Chirac take up his idea of a president-for-Europe.

In his home base of Clermont-Ferrand, Mr Giscard d'Estaing is due to join Mr Chirac at a rally this evening, in a move apparently marking the end of the two men's hostility of nearly 20 years and a further broadening of the Chirac campaign base.

John Barham visits Istanbul's Shia neighbourhoods, site of two days of riots

Turkey's doubly shunned lick their wounds

Istanbul police turn water cannon on demonstrators earlier this week in clashes over violence against the city's Alewi community Reuter

A hand-written note taped to the window of a Moslem Shia community centre in Istanbul said simply: "Wounded 108, dead 25, missing 70". Another listed the names of the missing.

They are the casualties of two days of rioting in the mainly Shia neighbourhood of Gaziosmanpasha which sparked off bomb attacks and more rioting in Istanbul and the Turkish capital Ankara. The death toll in the fighting, the worst clashes in two years, is approaching 30.

Everyone in the small crowd of men milling around the centre blames the police, and by extension, the government for the unrest.

On Sunday evening, unidentified gunmen in a taxi machine-gunned several crowded tea shops in Gaziosmanpasha where people were watching a football match on television. Two men were killed. The police made no effort to give chase or investigate. Within hours, outraged Shias – known as Alewis in Turkey – had taken to the streets and attempted to storm the local police station.

"For years we had been suffering," said Turgay, a leather worker. "People are called into the police station as witnesses to a crime and sometimes they disappear or are found dead. The police are not from here, they are not Alewis. They are from the fascist party. The police supported the [gunmen] 100 per cent."

All those who died in the rioting are believed to have been shot by police, who apparently were not trained in crowd control. Calm only returned to Gaziosmanpasha after the government pulled police off the streets and sent in troops.

The mood in the area was relaxed yesterday. A group of boys ambled along the streets laughing. "We defeated the police," one of them shouted. "They've gone. The army is here. They are not against us."

The government may have dealt with the immediate cause of the rioting: the police are confined to their station, surrounded by squads of soldiers and armoured cars. However, the poverty, despair and growing polarisation that is poisoning Turkish society will be much harder to solve.

Mrs Tansu Çiller, the prime minister, leading a divided and semi-paralysed coalition government, seems incapable of decisive action. She blamed the rioting in Gaziosmanpasha on foreign agents, to the derision of the local people.

The economy is slumped in perhaps its deepest crisis in 70 years. Turkey's big cities are overwhelmed by waves of migrants. Most are fleeing the fighting in the mainly Kurdish south east, where an 11-year ethnic conflict is claiming 10 lives a day.

Istanbul's population is growing by about half a million people a year. Most migrants live crammed in slum dwellings that lack water and other basic amenities. Crime, prostitution and organised crime rackets are rife. Poverty is widespread.

"There is great unemployment here," said one man in Gaziosmanpasha. "People live 10 or 15 to a house. There are water shortages, there are not enough schools." A teacher said: "Instead of responding to our needs, the state jails people for defending their rights."

The Alewis, who make up about a quarter of Turkey's population of 60m, practise a less strict form of Islam and traditionally support social democrat parties. They are active supporters of a secular state which, in principle, grants them religious and political freedom. This pits them against the growing strength of the Islamist Refah party and Turkey's far-right Nationalist Action party (MHP), which is well-represented in the police and security forces.

Many Alewis are of Kurdish origin, further alienating them from mainstream society. Turgay, who refused to give his full name, said: "I am an Alewi and I am a Kurd. I am discriminated against twice over. We are always the first to be sacked."

Alewis stress that they have no quarrel with the Sunni majority. Mr Gülbey Aydin, an office worker, said: "I do not hide that I am an Alewi. I do not discriminate between Sunni and Alewi. I have many Sunni friends, I do not have any problem with them."

Yet they and Turkey's westernised élite fear Refah and its hardline Sunni militants. In 1993, Islamist fanatics massacred 37 artists and writers during an Alewi cultural festival. Last year Refah captured the mayorships of Istanbul and Ankara. With 20 to 22 per cent backing in the polls, Refah could win the next elections and attempt to establish an Islamic state.

The Alewis are the first to fear any slide towards ethnic, political or religious conflict. Several Alewi communities were massacred in the political violence of the 1970s. The street battles of those years are a distant memory now. However, as Turkey's multiple crises deepen, Mrs Çiller's inability to steer the country bodes ill.

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French bank's board to ratify rescue plan

By Andrew Jack in Paris

The board of Crédit Lyonnais, the loss-making French state-controlled bank, is due to meet this morning to ratify a second financial rescue package for the group.

The ratification comes as France's public sector watchdog confirmed that in the past few days it had handed the justice ministry a series of reports on transactions at Altus, a Crédit Lyonnais subsidiary, a move which could led to prosecutions.

The Cour des Comptes said it had passed on 19 dossiers – each related to a transaction rather than an individual – and that investigations into other parts of the group were still under way.

It also emerged yesterday that Mr Karel Van Miert, the European Union competition commissioner, who has called for an inquiry into the Crédit Lyonnais rescue, has already received recommendations on the competition aspects of the state rescue from a group comprising three heads of EU central banks.

Meanwhile, the political fall-out triggered by details of the rescue package – which will be made public today – continued to make the bank an important issue in the presidential election campaign.

The rescue package is likely to involve the French state underwriting FFr130bn (£16.4bn) in assets which will be removed from the bank's balance sheet. At the same time, Crédit Lyonnais is expected to unveil full-year losses for 1994 of about FFr10bn, with potential losses on past loans of FFr50bn.

Mr Edmond Alphandéry, the economics minister, who has been co-ordinating negotiations with the bank, has said that Crédit Lyonnais will be forced to make good any losses against the FFr130bn underwritten by the state – with no cost to taxpayers.

However, Mr Francois D'Aubert, rapporteur of the parliamentary inquiry that last summer was highly critical of Crédit Lyonnais, said yesterday he expected taxpayers would bear some of the cost. He reiterated his demand for a special national assembly meeting to debate the plan.

The office of Mr Jacques Barrot, chairman of the French national assembly finance commission, also confirmed yesterday that he planned to go ahead with an extraordinary meeting of his group in early April to discuss the package. Similar discussions are expected from its counterpart in the senate.

Mr Pierre Suard, embattled chairman of Alcatel Alsthom, yesterday called for a fraud investigation against him to be cancelled, writes John Ridding in Paris. He has been banned from running the transport, telecoms and engineering group since Friday when Mr Jean-Marie D'Huy, a magistrate heading a case into alleged overbilling of France Télécom and the abuse of company funds, placed him formally under investigation.

Mr Suard's lawyers yesterday urged cancellation of the investigation on the grounds that Mr D'Huy had exceeded his jurisdiction. They claim the magistrate has not received the proper authorisation from the public prosecutors' office to extend his inquiries from the original probe into alleged extortion of France Télécom by former Alcatel employees to probes into Mr Suard's personal assets and building work done on his properties.

The appeal may also be extended to other senior Alcatel executive who have been placed under investigation in a series of probes linked to the alleged overbilling.

EUROPEAN NEWS DIGEST

EU attack on dollar neglect

Mr Yves-Thibault de Silguy, EU commissioner for monetary affairs, yesterday blamed recent turbulence in the currency markets on a US policy of "benign neglect" towards the dollar.

In a statement to the European Parliament in Strasbourg, Mr de Silguy called for a more co-ordinated response to currency instability through the Group of Seven industrialised nations. On the recent upheaval which led to devaluations of the Spanish peseta and Portuguese escudo, Mr de Silguy pointed to market worries about budget deficits in Europe, the Mexican crisis, the collapse of UK bank Barings and the Kobe earthquake as factors fuelling instability. Though Mr de Silguy paid tribute to the US and European authorities for co-ordinating their response to halting the dollars slide against the D-Mark and Japanese yen, he argued it was time for the G7 to rediscover the economic policy co-ordination which it had pursued successfully in the 1980s. "The fate of the US currency is a global phenomenon which requires a global response," he said. *Lionel Barber, Brussels*

German energy talks restart

The Bonn coalition government has begun cross-party talks on a long-term energy strategy. Headed by Mr Günter Rexrodt and Ms Angela Merkel, the economics and environment ministers, the government side is seeking consensus on an "energy mix" that includes a commitment to nuclear generation.

The outcome of the talks, which could last until June, hinge on the attitude to nuclear energy of the opposition Social Democratic party (SPD). The last talks broke down over the issue in October 1993. In the late 1980s the SPD vowed to shut all nuclear power plants within 10 years of its being elected to government. However, there have been signs recently of disagreements over whether the party should stick so rigidly to this policy. Another divisive issue on the agenda is financing for the uncompetitive coal industry until 2000. The coalition this week ruled out an energy tax to subsidise it by DM7.5bn ($5.4bn) a year, deciding instead to provide the financing from the budget – at least for next year. *Judy Dempsey, Berlin.*

German pay inflation fears

German public sector workers added to fears of rising inflationary pressures yesterday by calling for a 6 per cent pay rise in this year's wage round.

The pay claim led by the public service union OTV affects 3.4m employees in central, regional and local government across east and west Germany. The pay claim, which was also backed by 300,000 postal workers, follows recent settlements in private sector industry of about 4 per cent, double the Bundesbank's objective of a 2 per cent inflation rate this year. Mr Herbert Mai, the OTV chairman, said yesterday: "Those who believe the public sector will accept lower increases than in industry have no contact with reality." *David Marsh, Bonn*

Protests over lay-offs by Alenia

Employees of Alenia, Italy's state-controlled aerospace and defence equipment manufacturer, yesterday demonstrated against plans to lay off workers in Turin and Naples as part of a restructuring.

Some 2,000 workers blocked railway lines at one of Turin's stations for 20 minutes yesterday after unions called for action against the plan, announced late on Wednesday. The company is faced with a continued slump in demand, aggravated by cuts in governments' defence budgets. It plans to reorganise its aerospace activities by concentrating manufacturing in a smaller number of specialised sites.

Alenia said yesterday that the plan would put up to 950 of the division's 8,000 or so workers into *cassa integrazione*, the state-funded temporary unemployment scheme. Under previous restructuring plans, some 1,500 employees have been laid off, using similar state schemes to soften the blow. The main impact of the plan will be felt at the group's Turin plants. *Andrew Hill, Milan.*

Tax vote for Polish parliament

Poland's parliament will make a final decision on 1995 personal tax levels next month after the constitutional tribunal ruled they had been increased in an illegal way, the lower house's speaker said yesterday.

Mr Jozef Zych told reporters that the ruling, which may result in a $700m shortfall in the government's revenues this year, would have to be studied by a special parliamentary commission before the house could vote on it.

The tribunal, which ensures proposed laws are in keeping with the constitution, ruled on Wednesday that the government had no right to impose higher tax levels, approved by parliament in January, during the course of a fiscal year.

The lower house needs a two-thirds majority to overrule the tribunal and the ruling left-wing coalition is just short of this majority. Mr Jozef Oleksy, the prime minister, said the government was working out a policy response in case the ruling was not rejected and taxes had to be lowered. Tax rates may have to be lowered to 20, 30 and 40 per cent from the 21, 23 and 44 per cent in the current tax law. *Reuter, Warsaw*

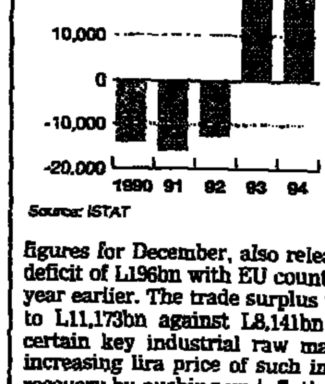
Armenia plans privatisations

Armenia has launched a big privatisation campaign, aiming to sell 64 per cent of shares in 10 of its biggest enterprises for privatisation certificates and cash, said Mr Zhirair Aramyan of the Privatisation Commission.

The first 10 companies to be sold include the former Soviet republic's only car plant, an electrical equipment plant and a pastry factory. The enterprises would be transformed into joint stock companies and also open to foreign investors, he said. Shares will be on sale in local auction centres for two months. *Reuter, Moscow*

ECONOMIC WATCH

Italian trade surplus grows



Source: ISTAT

Italy's trade surplus, bolstered by the weak lira, increased to a record L35,432bn (£13.4bn) last year, according to figures released yesterday by the national statistical office. In 1993, the first year after the September 1992 devaluation of the currency, Italy's trade surplus was L33,223bn. Although the lira rallied in the first half of last year, political uncertainty and concern about Italy's large budget deficit has kept the currency depressed since then. In 1994, Italy's surplus with the European Union narrowed slightly. Preliminary figures for December, also released yesterday, showed a trade deficit of L196bn with EU countries against a L698bn surplus a year earlier. The trade surplus with the US increased last year to L11,173bn against L8,141bn in 1993. The trade deficit in certain key industrial raw materials worsened in 1994. The increasing lira price of such imported goods threatens Italy's recovery by pushing up inflation, and deterring investment by Italian companies. *Andrew Hill, Milan*

■ Swedish consumer prices rose by 0.4 per cent in February compared with the previous month, leaving the annual rate unchanged at 2.9 per cent. The central bank has set a 3 per cent ceiling but this is expected to be breached as industry reaches capacity limits.

■ The French government has raised its official forecast for gross domestic product growth this year to 3.3 per cent from 3.1 per cent.

East European treaties remain elusive

Virginia Marsh and **Vincent Boland** on fence-mending talks between Hungary, Romania and Slovakia

Hungary and Romania yesterday failed to reach agreement on a bilateral treaty aimed at settling border disputes and minority rights despite intense western pressure to resolve their historic differences before a European Union conference in Paris next week.

Talks on a similar treaty between Hungary and Slovakia were continuing in Bratislava last night but, after difficult and often tense negotiations in the past two weeks, officials on both sides were not optimistic.

Failure to agree the treaties would be a setback to the three countries' hopes of joining the European Union and Nato and would overshadow the EU conference on stability in post-communist Europe at which Hungary's relations with Slovakia and Romania will be high on the agenda.

Western countries have made clear to eastern European countries aspiring for EU and Nato membership that they will not be admitted until they resolve bilateral differences and last year made the conference a deadline for the signing of the two treaties.

Mr Laszlo Kovacs, Hungarian foreign minister and Mr Teodor Melescanu, his Romanian counterpart, said after talks in Budapest yesterday there were too many outstanding issues for the treaty to be signed in Paris. Mr Kovacs said they had been unable to agree on which European minority rights provisions to include, especially those relating to local autonomy, education and language rights, and on control mechanisms to monitor enforcement of the treaty.

Both ministers said much progress had been made and that talks would continue but that the treaty was too important to be rushed through to satisfy western demands.

Budapest is pressing Bucharest and Bratislava to grant minorities extensive rights as outlined in Council of Europe and other European documents that Romania and Slovakia have signed. Both are resisting including all the recommendations in the treaty which will be legally binding.

Slovakia, whose 600,000 ethnic Hungarians are concentrated along the border with Hungary, wants Budapest to recognise the permanent inviolability of existing borders.

At stake for Hungary, a country of 10.3m, are the rights and status of the more than 3m ethnic Hungarians living in neighbouring countries. After the First World War, the Austro-Hungarian empire was carved up and Hungary lost two thirds of its territory and several million subjects. In the communist era, Hungary was forced to co-operate with Romania and the then Czechoslovakia as part of the Soviet bloc and the Warsaw Pact. But mutual distrust and tensions, heightened by the rise of nationalist politicians in all three countries, quickly resurfaced after the collapse of communism in 1989.

Just four months after ethnic Hungarians and Romanians combined to overthrow the Ceausescu regime in 1989, inter-ethnic fighting erupted in the Transylvanian town of Tirgu Mures, leaving several people dead after one of the worst outbreaks of ethnically inspired violence since the Second World War.

The recent talks owe much to the efforts of the new Socialist-led Hungarian government, which replaced a conservative-nationalist administration last summer and made improvement in bilateral relations a priority. As soon as he took office, prime minister Mr Gyula Horn said he was prepared to recognise existing borders with Slovakia and Romania – a step his predecessors refused to take.

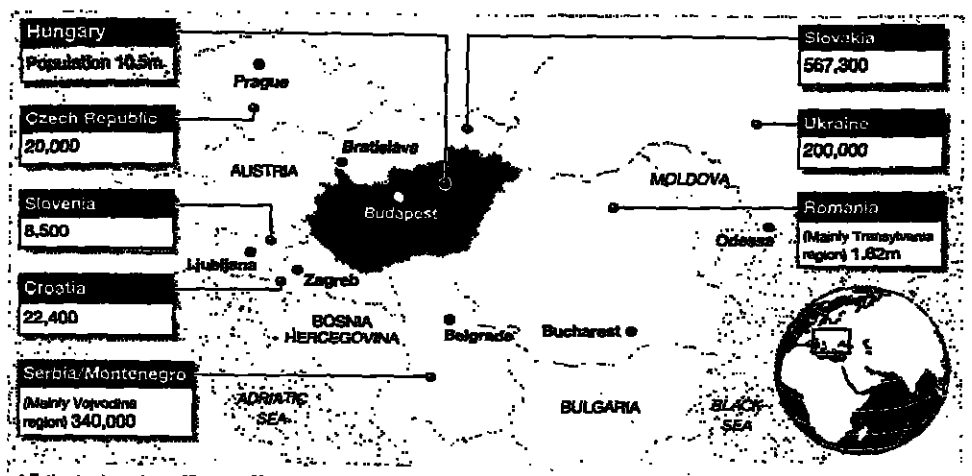
Slovakia and Romania need the treaties to improve their tarnished images in the west. The EU has consistently urged the two countries to speed up market-led and democratic reforms while their human and minority rights records have been attacked by the Council of Europe and international human rights organisations.

But the leaders of the two countries have the difficult task of finding a compromise which balances European integration against considerable resistance to granting extensive minority rights at home. Neither government can afford to be seen by nationalist politicians, upon whom they rely, or by the majority populations to be caving in to Hungarian demands.

For its part, the Hungarian government is being accused by the opposition and by ethnic Hungarian groups in Romania and Slovakia of not doing enough to protect their kinsmen.

Western diplomats say the treaties have taken on an undue symbolic significance within the countries and that the failure to sign them clouds recent improvements in regional business and economic ties. They still hope that after considerable progress on almost all issues, compromises will be made.

Hungarian populations in eastern Europe*



* Estimates based on 1991 and 1992 census figures in Slovakia and Romania respectively and information provided by the Hungarian diplomatic services and FT correspondents in the region

France pushes for bilaterals

By David Buchan in Paris

France is mounting as much diplomatic pressure as it can decently bring to bear on east European states to reach "good neighbourly" agreements on each other's minorities in time for the Conference on European Stability in Paris next week.

Foreign ministers of more than 50 members of the Organisation of Security and Co-operation in Europe (OSCE) will be invited at the end of the two-day conference next Tuesday to wrap up as many such bilateral accords as possible with a general declaration on the importance of "good neighbourliness" to political stability. The package of agreements will then be entrusted to the OSCE to monitor.

The aim of the conference is to ensure that east European countries solve their atavistic ethnic and frontier problems before they join the European Union. France holds the six-month presidency of the EU.

A senior French official said yesterday that the bilateral accords, enshrined in the stability pact, "should facilitate enlargement of Nato as well as the EU to the east". US President Bill Clinton has underscored this point to some east European leaders.

Forming the core of the pact are two sets of regional talks – one centred on Hungarian minorities in Slovakia and Romania and the other on Russian minorities in the three Baltic states.

However, Hungary and Romania yesterday failed to reach agreement on their bilateral treaty. Talks on a similar treaty between Hungary and Slovakia were continuing in Bratislava last night but officials on both sides were not optimistic of a positive outcome. The French prime minister, Mr Edouard Balladur, recently wrote a joint letter, along with Germany's Chancellor Helmut Kohl and Spain's prime minister, Mr Felipe González, to remind leaders of Hungary, Slovakia and Romania of the importance of the Paris conference as a psychological deadline.

This helped produce the flurry of negotiations between Budapest, Bratislava and Bucharest. By contrast, in the Baltic roundtable talks, Latvia and Lithuania have already reached some agreements with Russia on the Russian minorities, but progress with Estonia has been slower.

Moslem-Croat pact in Bosnia may collapse

By Laura Silber in Belgrade

The Moslem-Croat federation in Bosnia yesterday appeared in danger of collapse after Bosnian Croats announced they would freeze all official contacts with their Moslem counterparts.

The Bosnian Croat presidential committee accused Moslem military leaders of being responsible for the disappearance of General Vlado Santic, local commander of the HVO, the Bosnian Croat militia. He was kidnapped on March 8 by Moslem soldiers in the Bihac area, the Moslem stronghold in north-western Bosnia.

Yesterday's announcement was a severe setback to the efforts of the US and Germany to bolster the Moslem-Croat federation in Bosnia. Mr Kresimir Zubak, the Croat head of the federation, and President Franjo Tudjman of Croatia were in Washington yesterday to meet US President Bill Clinton to mark the one-year anniversary of the alliance.

President Alija Izetbegovic of Bosnia, a Moslem, at the last minute cancelled his visit on the grounds that he had a prior commitment to address the German parliament in Bonn.

Brokered by the US, the federation agreement has never been implemented fully but it ended a year of bitter fighting between Moslems and Croats and raised hopes of them putting up a united front against the better-armed Serbs. Despite US military advice in merging the two forces, military co-operation so far has been tactical and sporadic.

Another sign that the federation was on the verge of collapse was a new tax imposed by Croatia and the Bosnian Croats on all goods imported to or exported from landlocked Moslem-controlled territory. Mr Haris Silajdzic, the Moslem prime minster, yesterday demanded that Mr Nikica Valentic, prime minister of Croatia, abolish the tax, reported Bosnian radio.

The break-down intensifies already heightened fears that all sides are preparing for more war when the country-wide ceasefire expires on May 1. The UN yesterday accused Bosnian Serbs of targeting British peacekeepers. Their patrol came under "deliberate and sustained" machine gun and cannon fire from Bosnian Serb positions near Gorazde, the Moslem enclave in the east, said Major Herve Gourmelon, a UN spokesman. A Serb military build-up has been reported to the west of Gorazde.

In response, the UN requested a stepped-up Nato air presence and a UN Quick Reaction Force team was despatched to the scene. It also came under fire, he said. The peacekeepers escaped only after night fell.

Porcine politics on Flanders field

By Caroline Southey in Brussels

A row over pig manure in Flanders has led to the downfall of the regional Belgian government. It is only the second time that an environmental issue has caused the downfall of a government in Europe. The Dutch coalition government, weakened by in-fighting over a range of issues, fell in 1989 over a row about scrapping tax breaks for commuters using their cars for work.

The row erupted over new laws to curb environmental damage caused by the extensive use of pig manure as a fertiliser. The law would have brought Flanders, the Dutch-speaking northern region of Belgium, into line with EU regulations which in 1991 defined pig manure as a hazardous waste because of its high concentrations of nitrate and phosphate.

But farmers in Flanders – which covers 45 per cent of Belgian territory, and has 8m pigs and 6m people – feared it would lead to the loss of 20,000 jobs.

The Flemish government collapsed after a nationalist and three socialists walked out of a cabinet session following a refusal by Christian Democrats to debate the final text of the bill. The Flemish Socialist party had sponsored the legislation.

The plan involved limiting the use of pig manure as a fertiliser to levels that could be absorbed by crops. Environmental evidence has shown that excess manure runs off into ground-water tables, polluting the water system. The tougher limits would have been phased in over a 10-year period to meet EU standards.

The bill would also have limited the issue of permits for new installations to breed pigs or the expansion of existing farms. Levies would also have been imposed on the excess production of manure.

The Flemish Christian People's party has a strong rural base in Flanders where it is the dominant party.

Backed by a powerful agricultural lobby, the party resisted the legislation, arguing it would drive farmers out of business.

A powerful industrial lobby, consisting of construction, meat-processing and feed-stuff companies, also lobbied hard against the bill.

The Socialist party, which contests the threat to jobs, has pointed to environmental evidence that the liberal distribution of pig manure was having devastating effects on water tables.

The regional assemblies, of which the Flemish is one, are powerful law-making bodies in Belgium's complex federal structure. All Belgium's parliaments face dissolution on April 9 ahead of elections in May.

China to scrap some investment incentives

By Tony Walker in Beijing

China plans to phase out preferential tax policies, including generous tax holidays, for some categories of foreign investment under new guidelines to be issued soon aimed at directing funds to needy areas.

In its early attempts to attract investment China provided incentives virtually across the board, but with billions of dollars now flowing into the country Beijing feels it can be more selective. By mid-year foreign direct investment in China is expected to reach $100bn.

China has long foreshadowed new investment guidelines that would seek to redress the balance between the booming coastal areas and the relatively deprived hinterland. Beijing has also said that it wants to limit further growth of basic processing industries which it believes waste scarce energy resources. Thousands of these enterprises producing such items as shoes and toys have been established in China's southern regions.

The new guidelines specify investments which are to be encouraged, restrained and prohibited.

- To be encouraged: undeveloped agricultural land, chemical fibre, micro-electronics, precision machinery, civilian aircraft, biotechnology items, and infrastructure such as ports, highways and power stations.
- To be restrained: retailing, industries whose production had already surpassed local demand such as televisions and property
- To be prohibited: network telecommunications operations, newspaper publishing, casinos, projects which threaten the environment, and the mining of rare minerals.

The new policy guidelines are unspecific, to allow the authorities flexibility in their interpretation, but priority areas will retain tax advantages and possibly will be given access to soft loans.

Companies which invest in these sectors will also be allowed to sell up to 100 per cent of their products in the domestic market. Preferential tax policies will be phased out for most activities that do not fall within category one priorities such as agricultural and infrastructure projects.

The government also plans to provide incentives for investment in the deprived central and western parts of China, but only if such projects are in line with industrial policy.

The representative of an international lending institution said the new policy on investment was in line with expectations, especially on the "national treatment" issue where there is no distinction drawn between domestic and foreign investment.

A western economist, specialised in the investment area, described the strategy as "mistaken". "They feel they can be more selective using industrial policy as a means of re-directing investment instead of the market," he said.

WORLD TRADE NEWS DIGEST

Smidth upgrades cement plants

Danish group F. L. Smidth yesterday announced two contracts for upgrading cement plants in Egypt and Thailand, while a Smidth subsidiary is to set up a ready-mix concrete operation in Warsaw. In Egypt, a DKr170m ($29.87m) investment will increase output by Alexandria Portland Cement by 20 per cent to 7,200 tonnes a day. In Thailand, investment of DKr75m will upgrade plants owned by Jalapathra Cement in the southern city of Cha Am and Takli, north of Bangkok, increasing the two factories' total cement output by 20 per cent to 6,900 tonnes a day. In Poland, Unicon Beton and the government-financed Danish Investment Fund for Central and Eastern Europe have agreed to set up a concrete plant in the capital. *Hilary Barnes, Copenhagen*

■ Peugeot will invest $30m in new car and components-production facilities in Vietnam as part of a joint venture with Vietnam National Forestry Machines. The car plant will have initial annual capacity of 5,000 units. *AFX, Hanoi*

■ Swedish telecoms group Ericsson has won two contracts from Central Japan Digital Phone (CDP) in Nagoya worth a total of SKr360m ($50m). Ericsson will deliver mobile switches and radio base stations early in 1995 with commercial service scheduled for end-July. *Reuter, Stockholm*

■ South Korea's Halla Engineering and Heavy Industries signed a $188m contract with Malaysia's Negeri Sembilan Cement Industries to build a cement plant in Negeri Sembilan state. *Reuter, Seoul*

Beijing denies Kantor claim on WTO talks

By Tony Walker

China yesterday denied that it had agreed to return to Geneva in mid-April to resume negotiations on entry to the World Trade Organisation.

Mr Mickey Kantor, the US trade representative, said earlier this week after talks with Chinese trade officials that Beijing would resume negotiations next month.

But yesterday Mr Shen Guofang, the foreign ministry spokesman, said Beijing would evaluate the attitudes of its WTO negotiating partners before deciding whether to resume talks.

China suspended discussion on WTO entry in December after its attempts to become a member of the world trade body foundered when members of its forerunner, the General Agreement on Tariffs and Trade, members said China's offer on market access and other issues were unsatisfactory.

Beijing previously blamed the "exorbitant" demands of the US and its Gatt allies for the failure of the negotiations but Mr Shen said yesterday the US was now showing a "favourable" attitude towards China's application.

"China has yet to make a comprehensive evaluation of the positions of the other contracting parties before it finally proceeds to multilateral discussions in Geneva." Mr Shen said China in its WTO application would "assume the obligations suitable to the level of its economic development," a reference to China's insistence that it be granted lenient treatment as a "developing" country.

- Mr Roy MacLaren, Canada's international trade minister, said yesterday that China was not yet ready to join the WTO. "We agree that China is a major trading country that should be within a worldwide trading arrangement, but not at any price," Mr MacLaren said in Melbourne.

"There are rules to be followed, requirements to be met, and in our view, China has not yet demonstrated fully its acceptance of the basic rules of the World Trade Organisation." The US, the EU, Australia, Canada and Japan are among WTO parties who are pressing China to show greater commitment to trade liberalisation.

US offer on financial services

By George Graham in Washington

The US has formally promised to give equal preferential status to all Gatt signatories in the financial services sector as long as other countries make substantial improvements in their offers to open up their financial services markets.

In a letter to Gatt members, the US said it was prepared to lift its reservation on whether it would allow foreign banks to benefit, like US banks, from the liberalisation of US banking laws which maintain a strict separation between commercial and investment banking.

The US said it would withdraw its exemption in the financial services sector from the Most Favoured Nation principle if the offers from other countries, due in by Wednesday, were improved.

While there is little actual movement in the US position, Mr Jeffrey Shafer, assistant Treasury secretary for international affairs, said the US hoped to encourage other countries by formalising its own offer to abandon the MFN exemption.

Mr Shafer said the US recognised that market opening would have to be phased in, but would not accept vague promises to liberalise in the future. "There must be a fixed date, and it has to be a reasonable one," he said.

The US reached its own bilateral deal with Japan on steps to open up the Japanese financial services market, but is concerned about a number of countries in south-east Asia and Latin America.

Some Asian countries have made considerable concessions to foreign banks, but have been unwilling to include these in their Gatt offers because they would then be unable to reverse them if Japanese institutions came to dominate their markets, as they fear.

The financial services section of the Gatt treaty could not be completed last year largely because the US was dissatisfied with the degree of market access offered by a range of countries in south-east Asia and Latin America.

If no deal is reached by the end of June, the US will apply a form of discretionary reciprocity, allowing free access to financial markets only for countries whose own financial markets are open.

All action and no talk

While US negotiators try to persuade Japan to open its car parts market, US companies are quietly moving in, reports **Michiyo Nakamoto**

US vehicle component makers have been having measurable success in their efforts to further penetrate the Japanese car market, second largest in the world.

Ford yesterday celebrated starting work on its second technology development facility for car components in Japan and said it aims to increase sales of parts in Japan by as much as 30 times over the next five years.

Delco, the electronics components arm of General Motors, yesterday opened a new headquarters in Tokyo and said it would double the number of employees in Japan by the end of the year.

Mr Frank Macher, vice president of Ford's Automotive Components Division, said the company currently has sales of about $300m to Japanese carmakers, of which $290m was to transplant facilities in the US and only about $10m to the Japanese market.

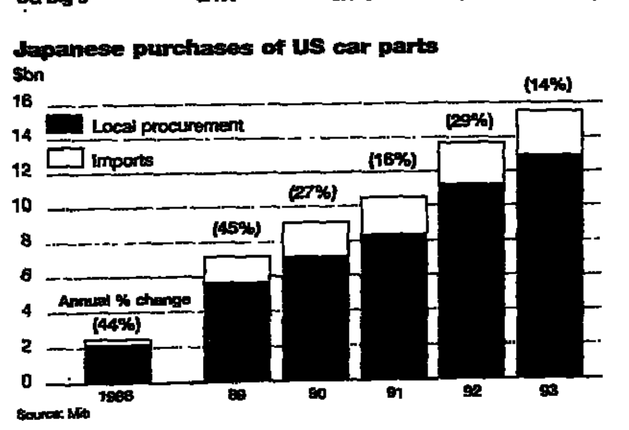
The company aims to double its sales to Japanese carmakers to $600m by 2000, and hopes that most of the increase will come from business in the Japanese market. Sales in Japan of $300m, about 30 times its current level, was "daunting", a company official said, but not out of line with what others in the industry were aiming for.

Delco said it had sales in the Asia-Pacific region of about $170m last year, of which two-thirds went to Japanese customers. However, only about a quarter of total sales to Japanese carmakers was in Japan, according to Mr Thomas Sheehan, president of Delco Electronics Asia.

Share of imported cars in Japanese market

	1990	1993	1994	Dec 1994
Total	5.1%	5.7%	8.1%	11.8%
of which: European	4.4%	4.0%	5.4%	8.3%
US	0.7%	1.6%	2.7%	3.4%
of which: US Big 3	0.4%	0.6%	1.0%	1.3%

Japanese purchases of US car parts



Source: Mib

Delco did not reveal its sales target for the Japanese market but Mr Sheehan emphasised that the company is making a commitment to the Japanese market and expects to see strong growth in this business.

US component makers are confident the time is right to build up Japanese business. The yen's strength, the greater competitiveness of US parts makers, in terms of both cost and quality, and the pressure from bilateral trade negotiations for Japanese car manufacturers to buy more foreign car parts are all advantages enjoyed by US companies.

"I believe American suppliers can provide great value to the Japanese automobile manufacturers in Japan which will put great pressure on the Japanese parts industry to reduce their costs in order to compete," Mr Macher said.

Just over 10 years ago, the yen was at Y262 to the dollar, there were concerns over the quality of Ford's components and the *keiretsu* system of intra-group company ties was very strong, Mr Macher noted.

"In 1995, the yen is about Y90 to Y100 to the dollar . . . in most cases our prices are substantially lower than Japanese prices (and) our quality is now equal or better," he said.

The yen's sharp appreciation has meant that Japanese parts makers are under tremendous cost pressures. The plight of the Japanese industry has given US parts makers a tremendous opportunity to expand their presence not only in the Japanese market but also in south-east Asia, where Japanese car companies have significant transplant operations.

Ironically, the confidence of the two US parts makers contrasts with the mood surrounding the US-Japan bilateral trade talks on opening up the Japanese market for cars and car parts.

The talks, which have been going on since autumn 1993, have failed so far to produce any agreement on what measures could be adopted to make Japanese markets more accessible to foreign cars and car parts makers.

Mr Mickey Kantor, US Trade Representative, on Wednesday expressed dissatisfaction with the Japanese government's proposed deregulation package which failed to include measures to open up Japan's tightly regulated vehicle parts spares market, for which the US had been asking.

The two sides are still far from agreement and a Japanese government official said no date has yet been set for the next meeting.

Zedillo signals flexible exchange rate policy

Mexican president tells **Stephen Fidler** and **Leslie Crawford** of the need to avoid another currency crisis

President Ernesto Zedillo of Mexico has indicated his preference for a flexible exchange rate policy to encourage exports and avoid the kind of peso overvaluation problems which led to the country's financial crisis.

In an interview Mr Zedillo said too much emphasis had been laid on the exchange rate to bring down inflation. The experience of the last decade "has not been very fortunate".

"When we have had a devaluation, the export sector has reacted very quickly, but then we have put too much of a burden on the nominal exchange rate to attack inflation. That has meant, sooner or later, an overvaluation of the exchange rate and a retreat in the export sector," he said.

"I think that has been very bad for our economy so I intend to push a policy in which we will be seeking stable prices but will not put too much of a burden on the exchange rate."

The peso has been floating since December 22 when the government abandoned efforts to hold an exchange rate floor. Mr Zedillo's government is under pressure from business leaders to establish a new exchange rate regime to reduce uncertainty about the peso, but the president said that could not be done at present because of a lack of foreign exchange reserves.

"As soon as we are able to accumulate a significant level of reserves, I think we should move into a more predictable exchange rate policy," he said.

His exchange rate proposal would mark a pronounced shift with the past. Successive Mexican governments have used the exchange rate as a central tool in the fight against inflation, but this has led to damaging devaluations four times in the past 25 years.

Mr Zedillo said the export sector would be one of the important sources for growth for the economy, and this would require putting guidelines in place allowing exporters "to foresee the evolution of the nominal exchange rate". The government would aim, he suggested, to preserve very approximately the real value of the exchange rate.

Such a policy is similar to Chile's current exchange rate regime, where the currency is allowed to fluctuate within broad bands set with reference to a calculation of the real exchange rate. The policy has been credited with helping exporters and skewing investment over time into the export sector.

The president said a currency board arrangement – in which Mexican currency could only be issued if backed by foreign exchange reserves – could only work if "you believe you can have international inflation levels and in order to answer that you have to answer many other questions".

Mr Zedillo appeared calm and self-contained, despite the economic and political crisis that has raged almost since he took office. In contrast to his predecessor Mr Carlos Salinas, he gave the interview alone, rather than surrounded by advisers and other attendants. His office contained a picture of Mr Luis Donaldo Colosio, the ruling party's presidential candidate who was murdered last in March last year, and was in keeping with his image of personal austerity.

Austerity was the message of a tough economic package announced by the government last week which is likely to result in a deep recession this year. Mr Zedillo said this was a programme aimed at overcoming an economic emergency.

In the long run, he said, "we want a growing economy and that should be based to a large extent on the promotion of domestic savings".

"We know that for that we have to undergo very substantial tax and institutional reforms that we will be developing over the next few months."

He said that there was no reason to change any of the structural economic reforms so far undertaken in Mexico.

Figures released late on Wednesday suggested Mr Zedillo's expectation of a rapid rise in exports could be fulfilled. Preliminary figures from the Bank of Mexico suggested that the country's trade swung into surplus in February for the first time since November 1990. The surplus of \$452m, which compares with a \$530m deficit in January and a \$1.51bn deficit in February 1994, suggested the current account of the balance of payments was broadly in balance, the central bank said.

The turnaround was the result of a rise in exports to \$5.62bn, 24.1 per cent higher than in February last year, while imports fell 14.4 per cent compared with a year earlier to \$5.17bn. Imports not related to subsequent exports fell 28.4 per cent, the central bank said.

Despite the announcement of the programme, broadly greeted by investors as coherent though belated, the peso continues under pressure. Yesterday, the rate stood at 7.09 to the dollar, compared with 6.95 on Wednesday.

Mr Mauricio González, head of GEA, an economic consultancy based in Mexico City, said his projections suggested that it would be the turnaround in the country's current account – rather than any change in heart by international investors – that would begin to turn the peso around. These benefits could begin to come through within weeks, he said. The trade surplus could rise to as high as \$2.3bn-\$2.4bn in May and June, he said.

Long haul towards the rule of law

By Stephen Fidler and Leslie Crawford in Mexico City

Mr Antonio Lozano, Mexico's chief law enforcement officer, has achieved in three months the stature of national hero.

Until President Ernesto Zedillo asked him to take the post of attorney-general in December, Mr Lozano was a little-known defence lawyer at the opposition National Action Party (PAN).

Now, he is known throughout the country as the man who dared to put the brother of former president Carlos Salinas behind bars on charges of murder – a move heralded as a profound departure from a past where those with powerful political connections have been above the law.

Mexicans were amazed at the audacity and have begun to admire Mr Lozano's efforts to establish the independence of Mexico's discredited judicial system.

But Mr Lozano's popularity is based on more than his decision to prosecute Mr Raúl Salinas. He has also uncovered an apparent plot behind the assassination of Mr Luis Donaldo Colosio, presidential candidate of the ruling Institutional Revolutionary Party (PRI), in March last year. The murder was being depicted as the work of a deranged, lone assassin.

Also, his office has exposed an alleged cover-up in the investigation of the murder last September of the PRI's secretary general, Mr José Francisco Ruiz Massieu, which Mr Raúl Salinas is accused of having masterminded. In a bizarre turn of events, the man charged with the cover-up is Mr Mario Ruiz Massieu, the dead man's brother, who was deputy attorney-general in the last year of the Salinas administration which stepped down on December 1.

Mr Mario Ruiz Massieu fled to the US in the face of allegations of forgery and intimidation of witnesses in an attempt to shield Mr Raúl Salinas from appearing as a suspect in the inquiry the former law official was leading into his brother's slaying. Mr Mario Ruiz Massieu was arrested in Newark, in the US, 13 days ago as he was trying to board a flight to Madrid. Mexico has requested his extradition.

A strong incentive for a cover-up could have come from some \$6.9m (£4.3m) Mr Mario Ruiz Massieu is alleged to have held in US bank accounts. "Twenty-two deposits were made from February to November 1994," Mr Lozano said. "We have proof the accounts were in his name and that he tried to withdraw funds when he fled to the US."

Mr Lozano believes a civil servant such as Mr Mario Ruiz Massieu could only have amassed such a fortune if he had been in the pay of drug cartels, or if he had "auctioned" jobs in the attorney-general's office to those who stood to benefit from turning a blind eye to the drug trade.

Mr Ruiz Massieu, who as deputy attorney-general was also Mexico's top drug enforcement officer, has proclaimed his innocence.

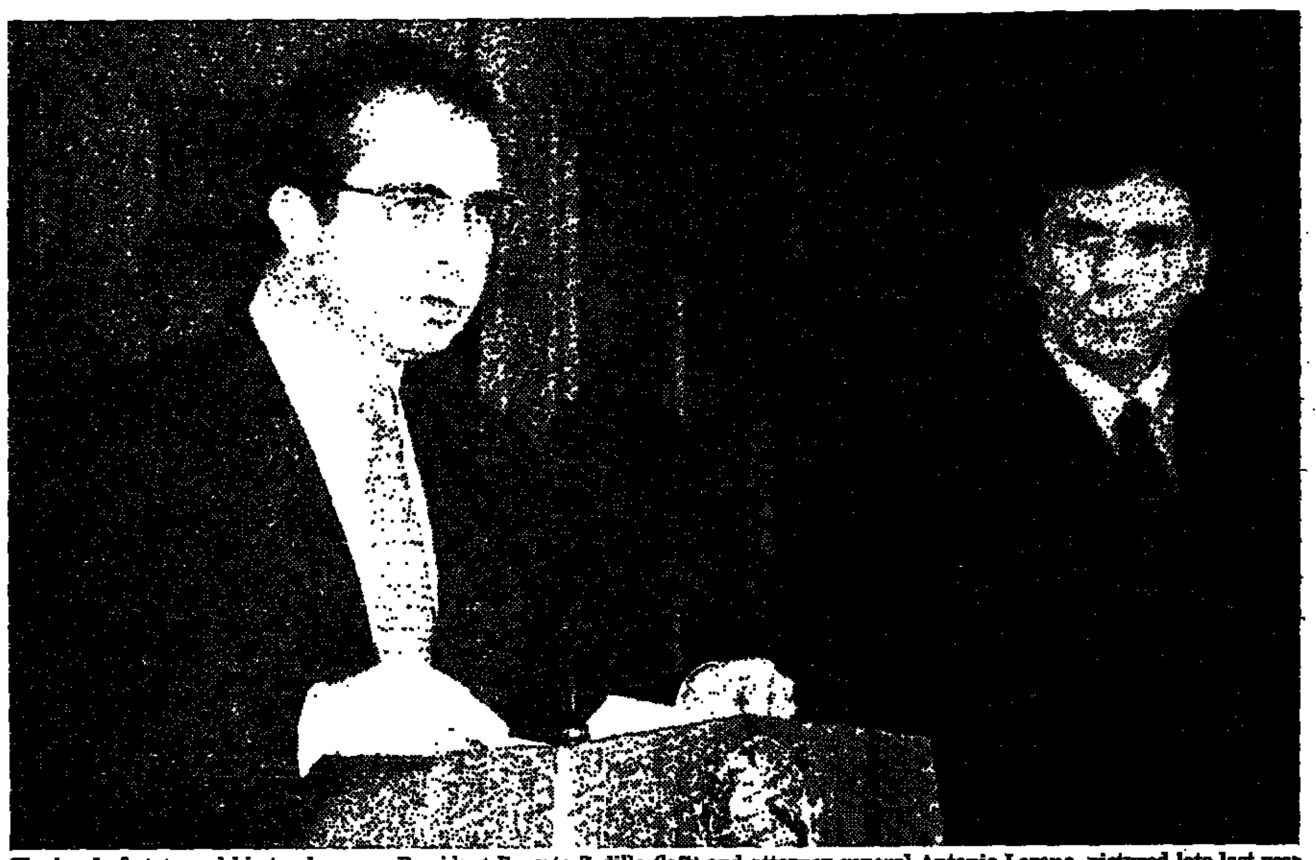
"There is evidence that drug traffickers now wield enormous economic power with which they can infiltrate government," Mr Lozano said. "It could become a problem of national security."

"I took the decision [to appoint him] so that no-one could say the attorney-general was working merely in the interests of the president," Mr Zedillo said in an interview. "I gave him only one instruction: do your job according to what is established by law."

"I was not in favour of Lozano taking on the worst job in Zedillo's government," admitted Mr Luis Felipe Calderón, the PAN's secretary-general. "But now I must recognise he is doing a great job. He is rescuing the credibility of the attorney-general's office."

"Re-establishing rule of law implies overturning a deeply-imbedded culture which the country can no longer sustain," Mr Lozano said.

"It will be a long process. There will be many obstacles, and resistance from those who have an interest in keeping the system the way it is, but we have to start somewhere. People support us because they perceive this is the only way to achieve radical change, equality, justice and the possibility of development."



The head of state and his top lawman: President Ernesto Zedillo (left) and attorney-general Antonio Lozano, pictured late last year when the former proposed reforms to the Mexican judicial system. They face an uphill struggle to make them stick Picture: AP

Spanish go home smiling despite empty nets

Bernard Simon watches the Estai leave Newfoundland after a turbot-charged dispute on the high seas

In a part of the world that prides itself on its rich musical traditions, a local Newfoundland radio station yesterday morning played a lively adaptation of that old romantic tune, Blue Spanish Eyes. It began with the line: "You Spanish guys, will no more eat turbot with your fries ..."

For a bitter dispute that saw an armed Canadian pursuit on the high seas, the deployment of Spanish naval vessels, and transatlantic sabre-rattling, the affair of the Greenland halibut ended in remarkably good humour.

Down at the docks in St John's, Mr José Luis Pardos, Spain's ambassador to Canada, clicked away on his camera as the Estai, the rusting, white and red trawler from the Spanish fishing region of Galicia, slipped its moorings.

"The ship is beautiful," said the admiring ambassador, who gave every appearance of enjoying his week in the international spotlight. The Canadians, who accused the Estai of breaking almost every international fishing rule, were typically polite.

A protocol officer from Ottawa was on hand at the quayside, a handful of Mounties chatted quietly as the Estai warmed its engines, and journalists crowded the ship's decks for their final interviews with the vessel's 27-member crew.

The contrast with last Sunday was extreme. Then the Estai sailed into St John's under escort as thousands of Newfoundlanders lined the hills around the pretty harbour to vent their anger at the modern day Spanish "pirate".

Less than a hundred people were on hand on Wednesday evening to see the ship leave the quayside. By the time the Estai sailed, most of the onlookers had decided finding shelter from the icy St John's weather was more rewarding than watching another bunch of fishermen go home.

While on dry land in Canada the Estai's crew spent their time under siege from reporters in the Hotel Newfoundland, St John's poshest hotel.

Canada has long blamed foreign trawlers, especially from Spain and Portugal, for depleting fish stocks around the Grand Banks. This anger prompted Canadian officials to apprehend the Estai outside Canadian territorial waters.

"I don't blame the crew," said one unemployed fish plant worker in his rich Newfie accent, more Irish than North American. "We Newfoundlanders were doing much of the same things, catching small fish." A woman nearby chipped in: "Our government is most to blame. They thought the fish stocks would last forever."

The seizure of the Estai and consequent publicity had been a big morale booster for Newfoundland. A porter at the Hotel Newfoundland said the excitement was over "till they hauls the next one in".

EU and Canada talk in effort to end fishing row

By Caroline Southey in Brussels and David White in Madrid

European Union and Canadian officials yesterday held their first formal bilateral meeting to resolve the row over fishing rights off Newfoundland as both sides agreed to avoid provocative actions.

Officials said EU trawlers had undertaken not to fish in the highly sensitive grounds known as the Nose and Tail of the Grand Banks just outside Canada's 200-mile limit. Canada has undertaken not to take any action against EU trawlers.

Mr Douglas Hurd, the UK foreign secretary, in an attempt to help broker a deal, said he had urged his Canadian and Spanish counterparts to "proceed urgently through negotiation. Both sides should avoid actions which make a solution more difficult," he said.

The release on Wednesday of the Spanish trawler Estai, seized by Canada outside the 200-mile limit, ended the diplomatic impasse and allowed for the resumption of contacts between senior EU and Canadian officials.

The talks in Brussels were aimed at addressing contentious issues bilaterally before a meeting of the North-West Atlantic Fisheries Organisation (Nafo) in Brussels from March 22 to 24. Nafo is responsible for fishing grounds in the Nose and Tail of the Grand Banks. The talks were expected to concentrate on allocation and enforcement of a fishing quota for Greenland halibut, called turbot in Canada.

The two sides will try and find an acceptable formula to end the disagreement over a share-out of the 27,000 tonne quota. The original allocation, which was at the centre of the dispute, allowed Canada 60 per cent of the quota and the EU 12 per cent.

The EU also wants Canada to review protection laws introduced on March 3 which extend Canadian authority beyond its 200-mile limit. Canada will be pressing for tighter enforcement procedures to ensure that the quota is not exceeded.

Despite the release of the trawler, Mr Luis Atienza, Spanish agriculture and fisheries minister, said Spain and the EU would continue to prepare measures to bring pressure on Canada if necessary.

The Madrid government was not a party to the deal under which the Estai's owners, the Vigo-based company Pereira, posted a C\$500,000 bond for the release of the freezer trawler, Mr Atienza said. The deal did not imply that Spain recognised the legality of Canada's action in seizing the vessel last week, or Canada's jurisdiction in international waters outside its 200-mile zone.

In the northwestern Spanish region of Galicia, where Spain's Greenland halibut fleet is based, regional president Mr Manuel Fraga said yesterday the conflict was not yet over.

Although he was optimistic about prospects for a satisfactory settlement, he said: "The most important steps are those that have yet to be taken. A war has many battles, many manoeuvres and preliminary skirmishes."

Mr Fraga said a tough stance was needed to ensure that the Galician fleet could continue fishing in international waters off Newfoundland. The local fishing industry had adapted its vessels for this activity and had opened up markets for Greenland halibut, especially Japan, he said.

Greenpeace and nuclear freighter in stormy chase

By Haig Simonian, Environment Correspondent

An extraordinary game of cat and mouse is taking place between Greenpeace and British Nuclear Fuels (BNFL) in some of the world's stormiest waters along the southern tip of South America.

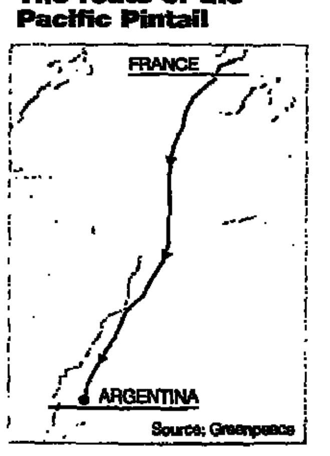
The chase is between the Solo, a vessel owned by the environmental pressure group, and the Pacific Pintail, a specially equipped BNFL freighter.

The Pacific Pintail left the port of Cherbourg in France on February 23 with a cargo of high-level radioactive waste destined for Japan.

Since then it has been shadowed by the Solo despite attempts to keep its route secret, and has been adopting a variety of dodging tactics such as varying its speed.

The battle of wills has been taking place against the backdrop of legal measures by BNFL to try to avoid possible publicity stunts by the Greenpeace vessel. Earlier this month BNFL successfully took out an injunction in the British courts to keep the Greenpeace ship, and certain members of the movement, at a safe distance while the Pacific Pintail is at sea.

The route of the Pacific Pintail



The freighter now seems certain to round Cape Horn, one of the world's least clement locations with its Roaring Forties winds and risk of icebergs.

BNFL says the freighter has the latest safety equipment, including computerised navigational gear, and can negotiate any potential hazard.

The Pacific Pintail is one of four specially converted freighters used by BNFL to ferry nuclear materials to its customers around the world.

It is being used by Cogema, the French state nuclear group, returning high-level waste from its reprocessing plant at La Hague in Normandy to customers in Japan.

A similar journey two years ago by another BNFL vessel on behalf of Cogema attracted huge publicity because of its cargo of plutonium. Its route involved sailing around the Cape of Good Hope and attracted widespread opposition from countries along the way.

Brazil will support import tariff increase in Mercosur

By Angus Foster in São Paulo

Brazil will support Argentina's proposal to increase import tariffs for the Mercosur customs union, despite concerns that the change is a setback for Brazil's economic opening and could add to inflation.

Mr José Artur Denot Medeiros, Brazil's main Mercosur negotiator, said a "small upward adjustment" was being discussed for the common external tariffs, which range from zero to 20 per cent and are levied on imports from outside Mercosur.

"It is not a change in policy; it is a provisional adjustment due to changed circumstances and the need to protect trade balances, especially in Argentina," he said.

The proposal, which is likely to lead to an increase by two or three percentage points in the tariffs, will be discussed at a meeting next week with the other two Mercosur partners, Uruguay and Paraguay.

Brazil has been opening its economy to foreign competition since 1990, and has accelerated the process in the last year after the launch of its new currency, the Real. But a sudden surge in imports, as well as international concern about the financial crises in Mexico and Argentina, seems to have persuaded the government to change tack.

Brazil's trade balance has been in deficit since November, the first time for nearly eight years. The deficit in February is expected to have widened to more than \$1bn (£625m), the biggest shortfall on record.

Uncertainty about exchange rate policy following a 7 per cent devaluation by Brazil last week has also prompted an outflow of foreign investment, which has reached \$2.9bn so far this month, compared to \$187.8m for all of February.

Some economists said the policy change was understandable but the announcement of higher tariffs may prompt a surge of imports by traders trying to close contracts before the new tariffs apply. A similar rush of orders for imported cars is being blamed for February's big deficit.

Higher tariffs may also add to inflation, which was already expected to start edging upwards. The government relied on cheaper imports to keep a lid on domestic prices after the Real's success had led to a sharp rise in demand.

The tariff change, combined with the devaluation last week, is expected to start putting pressure on prices from the end of April as domestic producers seize the opportunity to raise them.

According to one official, such increases would come at a "delicate moment". The government has already approved a 43 per cent increase in the national minimum wage from May 1, likely to lead to another consumption surge.

AMERICAN NEWS DIGEST

FDA plans to speed approvals

The Food and Drug Administration, which controls which medicines are available in the US, plans to speed up its approvals process. The change could add billions of dollars a year to drug industry revenues. The FDA said it was proposing reforms ranging from allowing drugs companies to change some manufacturing processes without prior FDA approval to ending pre-market reviews of some medical devices.

The move is part of the Clinton administration's efforts to cut red tape. President Bill Clinton yesterday said he was also taking steps to simplify environmental regulations in an effort to promote efficiency and cut costs for small business.

Conservative lobby groups in Washington have argued that FDA-led delays have harmed the health of US citizens. The FDA has said that in Europe, where approvals are often quicker, more drugs are subsequently found to be inadequate or dangerous. It has also pointed out that the approval time, typically less than two years, is only a small proportion of the eight-year or more sequence of research and development a new drug usually requires. Drug sales in the US last year were worth \$54bn (£34bn). *Daniel Green, London*

Report 'backs affirmative action'

Women and minorities are still excluded from the upper echelons of corporate power, mostly because of entrenched white male attitudes, according to the federal Glass Ceiling Commission. The White House seized on the report as proof that there was still need for affirmative action laws. White men comprise 43 per cent of the labour force but occupy 95 per cent of management jobs at the level of vice president and above. White women have had greater success in middle management, holding nearly 40 per cent of positions, but black women hold only 5 per cent and black men 4 per cent.

Pay discrepancies mirror management rank. The mean income for white male executives in manufacturing was nearly \$60,000 a year and for white women just over \$30,000. The respective figures for black men and women were about \$48,000 and \$38,000 but lower in other sectors. The report found that many white male managers "view the inclusion of minorities and women as a direct threat to their own chances for advancement". The bipartisan commission was first proposed in 1990 by Mrs Elizabeth Dole, then secretary of labour, and established a year later under legislation sponsored by her husband, Senator Robert Dole, now the majority leader. *Jurek Martin, Washington*

US consumer prices edge up

US consumer prices advanced moderately in February, the government said yesterday, indicating that inflation remains largely in check. The Labour Department's Consumer Price Index rose 0.3 per cent last month, matching January's rise. After factoring out volatile food and energy costs, the closely watched core rate of inflation also rose 0.3 per cent compared to a January gain of 0.4 per cent.

The February core rate also matched economists' expectations. The report showed that food and drink prices were up 0.3 per cent in February after falling 0.2 per cent in January. But coffee prices fell 2.3 per cent, the biggest decline since a drop of 2.7 per cent in September 1989. The department reported on Wednesday that producer prices rose moderately for the second consecutive month in February, climbing 0.3 per cent. *Reuter, Washington*

Ottawa acts over dock strike

Canada's government has introduced legislation in Ottawa to force 500 striking Vancouver dock foremen back to work and to get grain and container shipments moving again. The foremen walked out on Monday and longshoremen refused to cross picket lines. The port of Montreal remained closed by a contract dispute with longshoremen which has caused a heavy backlog of container shipments to Europe. Meanwhile negotiations continued between Canadian Pacific and locked-out maintenance workers who have been disrupting rail freight. *Robert Gibbens, Montreal*

NEWS: INTERNATIONAL

Clinton backs away from Iran sanctions

By George Graham in Washington

The Clinton administration yesterday backed away from efforts to tighten restrictions on trade with Iran, warning that they would hurt the US more than Tehran, unless supported by other major trading nations.

Mr Peter Tarnoff, under-secretary of state for political affairs, told a Senate committee the administration had not ruled out further measures after its move earlier this week to block US oil companies from helping Iran develop its petroleum resources.

But other members of the Group of Seven leading industrial nations did not share the US view of the best strategy to adopt towards Iran, he warned.

"Based on my experience with the G7, I believe we will not be able to convince other major trading partners of Iran to adopt prohibitions on trade in non-sensitive goods," Mr Tarnoff told the Senate banking committee.

The committee's chairman, Senator Alfonse D'Amato, has introduced legislation that would bar US companies from buying Iranian oil. They may now do so for sale in third countries, though not for import into the US.

"We are concerned that some restrictions, not all, but some, unilateral restrictions could hurt Americans more than the government of Iran," Mr Tarnoff said.

He also warned against attempting to impose sanctions on foreign subsidiaries of US companies that do business with Iran, which he said could provoke complex international litigation.

President Bill Clinton's executive order earlier this week to bar US oil companies from helping Iran to develop its petroleum reserves blocked a deal signed by a Dutch subsidiary of Conoco, the Du Pont affiliate, to develop the Sirri A and E fields near the Straits of Hormuz.

Mr Michael Stinson, a Conoco vice president, told the banking committee that the Sirri fields were within sight of existing fields operated in Dubai territorial waters by his company, and warned that other countries would be happy to develop the fields if Iran wished.

The administration's admission of reluctance to take further economic measures against Iran came as Mr William Perry, the defence secretary, prepared to travel to Saudi Arabia and the Gulf emirates in an effort to bolster the military component of the US strategy of dual containment of Iran and Iraq.

The visit follows concern Iran had positioned missiles and increased troops on a number of small islands at the mouth of the Hormuz Straits.

Kazakh deputies fall victim in reform battle

John Thornhill on why a mild, progressive president is taking tough action

Nursultan Nazarbayev, president of oil rich Kazakhstan, has shed many of his old-school communist instincts and developed a reputation as one of the more progressive leaders in central Asia, pursuing mild economic reform, permitting the development of a relatively free press and ostentatiously courting western investors.

But like other reformist leaders in the former Soviet Union he has not shied away from tough action when faced with obstruction from a conservative parliament.

At the weekend he dissolved parliament in the second biggest state in the former Soviet Union and promised to call fresh elections in an attempt to produce a more amenable legislative body.

Mr Nazarbayev said an investigation had proved that last year's parliamentary elections were invalid. But opponents of his reform programme say the president simply used this as a pretext for seizing greater power and was intent on ruling indefinitely by decree.

The political tensions which have gripped Kazakhstan reflect those common in many former Soviet states. While the executive powers, which are generally exposed to broader international perspectives and harsh macro-economic realities, have tended to espouse reform agendas, they have invariably clashed with parliamentary deputies who have inherited the instincts and attitudes of the old regime.

The social pain caused by the early stages of economic transition means genuine political grievances are also reflected in parliament. The 29 per cent fall in industrial output in Kazakhstan last year has led to much popular disenchantment with the concept of "reform".

Other presidents in the former Soviet Union – including Mr Boris Yeltsin in Russia and Mr Askar Akayev in Kyrgyzstan – have both had to resort to extraordinary means when their reformist agendas were blocked by obstructive parliaments. In October 1993 President Boris Yeltsin sent tanks to fire on the White House, which then housed the Supreme Soviet, to resolve the political impasse in the country.

Last year, Mr Akayev in Kyrgyzstan was similarly forced to dissolve parliament, stage a constitutional referendum, and call fresh parliamentary elections in an attempt to win support for his reforms.

And in Belarus, the chairman of the parliament yesterday accused President Alexander Lukashenko of making a grab for power by suggesting that parliament would be dissolved. Mr Lukashenko has fiercely criticised the Soviet-era parliament for being obstructive and dishonest.

It is difficult to tell how the crisis in Kazakhstan will play itself out. A group of about 100 rebel deputies yesterday formed an alternative "people's parliament" in opposition to Mr Nazarbayev but did not appear to have mustered much support. The deputies also appear reluctant to use force in defence of their position.

For his part, Mr Nazarbayev has proved himself to be conciliatory by temperament, although he embodies the contradictions between continuity and change that characterise politics in central Asia. As the former communist party boss of Kazakhstan, Mr Nazarbayev was one of the few non-Russians to have a seat in President Mikhail Gorbachev's politburo. The prominence he achieved at that time ensured he was elected as the first president of the independent Kazakhstan in December 1991.

But Mr Nazarbayev has had to tread a careful political path to forestall the development of ethnic tensions. Although there are more than 100 different nationalities within Kazakhstan, about 40 per cent of the population is Russian. Russians still hold a disproportionate number of senior government jobs although a policy of "Kazakhisation" has attempted to draw more ethnic Kazakhs into positions of influence without inflaming Russian sensitivities. Many Russians have already left the country claiming discrimination.


Nazarbayev: clash with 'Soviet-age' parliament Ashley Ashwood

Mr Nazarbayev yesterday said he believed the rest of the world would look on the political crisis "with understanding" and promised to call an assembly of national groupings to help resolve the situation. But whatever the outcome of this present crisis, the development of democracy in the region is likely to prove volatile. The short experience of independence, the shallowness of civil society and the magnitude of economic transformation are bound to create instability for years to come.

INTERNATIONAL NEWS DIGEST

Nigeria to take control of banks

The Nigerian government plans to resume state control over commercial banks less than two years after they were privatised. The move comes two months after a budget which edged towards deregulation of the economy and an agreement with Nigeria's international creditors. The plan by the Bureau of Public Enterprises to take at least 10 per cent of the shares in the big four commercial banks and acquire the right to nominate their managing directors or chairmen has caused alarm in the private sector, but bankers believe that it is not yet government policy.

The bureau's plans coincide with intense rivalry among Nigerian investors for control of leading companies after divestments by some multinationals. At the same time other multinationals are negotiating to buy back control of their subsidiaries following the repeal of foreign investment restrictions in most sectors in January.

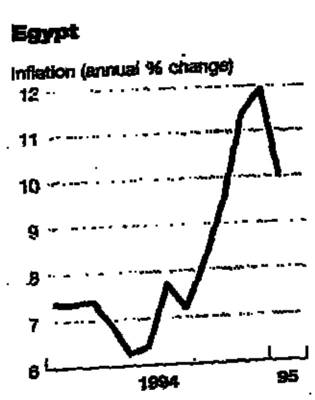
The banking proposals were made known in Abuja on Wednesday by Mr Hamza Zayyad, chairman of the bureau and formerly of the Technical Committee on Privatisation and Commercialisation, which supervised the recent sale of state assets in more than 100 companies including banks, steel mills, plantations and hotels. One of the big four banks has been told to delay its annual general meeting next week pending the outcome of the bureau's proposals, which include moving the accounts of parastatal companies from the central bank to the commercial banks which it seeks to control. *Paul Adams, Lagos*

Israeli unions in pensions crisis

The Israeli government and the Histadrut trade union federation are trying to resolve a crisis in the Histadrut pension funds which have deficits estimated at Shk30bn (£6.3bn). Mr Haim Ramon, the Histadrut chairman, has warned that up to half a million workers are in danger of losing their pensions unless the government steps in to rescue the pension funds.

The pension fund debacle is the latest sign of apparent mismanagement in the Histadrut which could damage the governing Labour party in next year's elections. Mr Ramon, who was elected chairman last year on a pledge to clean up the labour organisation, is demanding the government guarantees the pension funds. Mr Ramon also wants a government safety net for new pension fund members which would guarantee up to 98 per cent of the estimated value of a pension upon maturity. The government has said it is sympathetic to Mr Ramon's demands and will announce a series of measures in the coming days. *Julian Ozanne, Jerusalem*

Egyptian inflation falls to 10%



Source: Datastream

Egyptian inflation fell to 10 per cent in the year to the end of January, from 12 per cent one month earlier but up from 7.4 per cent at the end of January 1994, the government said yesterday. The consumer price index fell 1.2 per cent in January, dragging the year-on-year inflation rate down by 2 percentage points. The decline was welcome news for the government, which is trying to bring down interest rates and defend the exchange rate against the view that the Egyptian pound is overvalued. It also partially confirmed the government's argument that a sudden and potentially alarming rise in inflation late last year was only a temporary and mostly imported phenomenon. *Reuter, Cairo*

3m Rwandans face starvation

Up to 3m Rwandan refugees face starvation next month and a deepening food crisis could trigger another outbreak of regional violence, two leading British charities said yesterday. Rwandans who have fled to camps in Zaire, Tanzania and Burundi were furious because they believe recent cuts in their food rations were deliberately applied to force them back to their homeland where they fear they might be killed, Oxfam and Save the Children said.

The two charities said food supplies for about 650,000 refugees in Tanzania would be used by the end of April and there were no assurances of more supplies as international aid funds were drying up. The United Nations World Food Programme has said it needs $385m to provide food and essential operational support to Rwandan refugees during 1995 but to date only $155m has been pledged. *Reuter, London*

Court clears Aboriginal land rights act

By Nikki Tait in Sydney

The vexed issue of Aboriginal land rights was resolved yesterday when Australia's High Court declared the federal government's Native Title Act, passed in late 1993, to be valid and threw out a challenge mounted by Western Australia's conservative state government.

The long-awaited decision from Australia's highest judicial authority was hailed as a victory for Aboriginal communities, and will have important implications, especially for Australia's mining industry.

It will also throw into immediate question some 8,000-plus land grants made over the past 15 months by the Western Australian government under its own rival "Land (Titles and Traditional Usage) Act". This was declared by the High Court yesterday to be unconstitutional.

Mr Richard Court, the Western Australian state premier, vowed to keep fighting the federal government at the political level, although he acknowledged that legal avenues had been exhausted. However, Mr Paul Keating, Australia's Labor prime minister, said that the matter was resolved: "The WA government now has no choice but to fall in line and accept that the High Court... (has) recognised the existence of a new set of property rights."

The federal government drafted its Native Title Act in response to a 1992 High Court ruling which said that the nation's indigenous population should be able to assert native title claims if a "close and continuing" relationship with the land in question still existed. This ruling threw out the underlying principle on which Australian land management had been based for two centuries – namely, that the country was uninhabited before European settlement.

However, the 1992 ruling also said that land titles acquired under accepted law since European settlement should not be disturbed. In an effort to marry these two pronouncements, the Native Title Act set up a system for "validating" existing land titles, and for paying compensation to Aborigines if genuine native title claims were extinguished as a result of this process.

Most states eventually introduced their own native title legislation, which was compatible with the federal law. But the Western Australian state government responded by introducing the rival Land Act, which extinguished all native title and offered much weaker "rights to traditional usage" of the land (for ceremonial purposes, for example) instead. This act was challenged by Aboriginal groups, who claimed that it breached the Racial Discrimination Act, while the state government counter-challenged the federal legislation.

Western Australia's attitude and its prevailing legal system are crucial because this is the state where successful native title claims under the federal approach are most likely to occur. It is also where much of Australia's land-based mining industry is centred.

It has been calculated, for example, around 40 per cent of WA could fall subject to native title claims. In eastern states, where more development has occurred, the "close and continuing" land association condition is more likely to have been broken.

AFP adds from Perth: Mr Ron Manners, chairman of Croesus Mining, a WA gold miner, said the court decision "signals a mass exodus, because now mining is being made to feel very unwelcome in Australia. This comes at a time when all these other newly emerging countries are making our mining companies so welcome overseas, with very clear-cut legislation, where there are no impediments to mining." He described the ruling as "a very unfortunate circumstance for Australia".

Mr George Savell, chief executive of the WA Association of Mining and Exploration Companies, said: "This causes some uncertainty for the industry, and it has long-term implications."

For the Perth government Mr Court described the legal ruling as the most significant stripping of power from a state by a federal government since the states joined in federation in 1901. "The ruling puts Western Australia in a position where we have effectively lost land management control over a large part of the state," he said.

Beijing forced to revise bank law

By Tony Walker in Beijing

China's parliament is demanding an enhanced supervisory role over the People's Bank under a new central bank law due to be adopted tomorrow.

Deputies to the National People's Congress, now meeting, have forced the government to make revisions to the legislation, which is designed to bolster the central bank's role as the leader in the fight against inflation.

Chinese reports did not provide details of changes to the legislation, but deputies have criticised the bill for providing inadequate safeguards for the bank's autonomy.

Argument has focused on the role of a "Monetary Policy Committee" to be set up under the new law, with deputies saying that, far from being a relatively independent institution, it would be the government's tool.

The State Council, or cabinet, will make appointments to the monetary committee, thus ensuring a large measure of control over the institution. NPC deputies argue that the central bank should be afforded parliamentary protection.

Some deputies expressed concerns that under the proposed law the central bank would both formulate monetary policy and implement it. But their proposals for greater NPC supervision of the bank were vague.

Legislators also fear that a strengthened central bank would enforce stricter monetary controls, thus further squeezing funds available for the faltering state sector.

But senior Chinese bankers and economists worry about undue influence from the State Council over the bank's activities. Mr Liu Junbao, governor of the Bank of China's Shanghai branch and an NPC delegate, fears for the central bank's independence to conduct monetary policy under the new law.

A Chinese economist said yesterday there was no doubt that under the law the bank would be "an instrument of the government". The State Council had won the argument, he said. The People's Bank itself had proposed that it retain a greater degree of autonomy, but these attempts failed.

Japan turns down debt relief plea

By William Dawkins in Tokyo

Japan's senior aid official yesterday rebuffed a request from China for debt relief on its Y1,680bn (£11.7bn) of official loans from Japan.

Mr Hiroshi Hirabayashi, director general of economic co-operation in the foreign ministry, was responding to an informal plea from Chinese trade officials for help over the sharp rise in the cost of servicing government yen loans caused by the appreciation of the Japanese currency against the dollar.

China is the latest and largest in a series of developing Asian countries, including Malaysia, to lobby Japan for help with their yen loan servicing. The problem has excited concerns in Japanese financial circles that there might be heavy demand for fresh yen loans to repay existing borrowings, leading to a debt crisis among developing Asian countries.

The dollar value of China's outstanding yen debts has risen from $10bn at the time the cash was disbursed in three tranches since 1979, to $16.8bn now. A fourth tranche was agreed last year, of Y580bn over three years – some of which could be used for debt servicing rather than the infrastructure projects for which it is officially intended, officials in Tokyo speculate.

The foreign ministry's tough line reflects Japan's fear that it would be flooded with demands for similar concessions if it accorded debt relief to China. "We sympathise, but we should respond by taking a long-term perspective," Mr Hirabayashi told parliament's foreign affairs committee.

He expected the strong yen to be "corrected and eliminated" in time, through macroeconomic co-operation. Much of this lending was for repayment over 30 years, with no conditions for exchange rate adjustments, he said.

Total Japanese government lending to east Asia's five top economies doubled to nearly Y7,000bn in the eight years to 1993. Most Asian currencies are tied to the dollar, so the dollar's decline, allied to the increase in the volume of loans, has increased their debt service costs by five times over the same period.

Frustration as Kobe rebuilds

Housing has become the biggest problem, reports Emiko Terazono

Kobe, the western Japanese port city devastated by earthquake two months ago today, welcomed the resurrection of its Chinatown earlier this week as the district's reopening was celebrated with a traditional lion dance and firecrackers.

The rebuilding of Kobe has been pursued vigorously, with the municipal government putting infrastructure, including roads and rail systems, back in place. The bullet train is due to resume service to the area in mid-April, while replacement of the toppled Hanshin elevated expressway has been brought forward by three years to 1996.

But although upbeat footage on local television of the stretch of newly rebuilt railway presents viewers with an image of progress, much of the residential areas not shown by the cameras remains untouched. Many of the crumbled houses have yet to be cleared. Because of the scale of the damage, local officials estimate it will take more than a year to clear all the rubble from residential lots and rather longer to rebuild houses.

The housing problem has become the biggest barrier for residents, who are trying to put their lives back together. Temporary housing for the bulk of those made homeless in the quake has been arranged and the number of evacuees at the camps has fallen from a peak of 314,000 to 86,000.

Those with relatives outside Hyogo prefecture, of which Kobe is the main city, have moved out while large companies have taken apartments for their employees in less affected areas.

For those remaining in the evacuation camps, the prefecture plans to supply 40,000 prefabricated homes. But so far, the authorities have managed to supply only about 10,000 – problems include a lack of suitable land, a shortage of construction workers, and congested roads which hamper transport of the materials needed.

Rebuilding permanent houses has made even slower progress. Those whose land falls within the various municipal governments' re-zoning programmes are finding they cannot reconstruct their houses until the blueprint for the plans is agreed, and some will be forced to move out as roads are widened and new parks are created.

The re-zoning projects in 13 areas announced recently by local governments have met strong public criticism. "The city is adding to our stress when we are trying to cope," says a resident opposing the construction of a road near his home.

The local governments, on the other hand, want to use the opportunity to improve their residential districts.

Flat owners in damaged apartment complexes are facing frustrating ordeals since the construction law requires all owners within a block to agree to reconstruction. Funding such projects is also a problem for many of the owners, who are already saddled with mortgage payments.

Residents are meanwhile irritated by economists' comments in the local media hailing the positive macroeconomic effects of the reconstruction. Many forecasters have revised their economic growth predictions upwards following the earthquake because of expected demand for rebuilding.

"Who knows how long it's going to take before life returns to normal again? And how do the economists know it's going to be positive?" complains Mr Michiharu Sato, a middle aged office worker.

ASIA-PACIFIC NEWS DIGEST

Boatpeople must return in a year

The last 42,000 Vietnamese boatpeople still in camps in Hong Kong and south-east Asia will have to return home within 12 months, Mrs Sadako Ogata, United Nations High Commissioner for Refugees, yesterday told a meeting of donor and asylum countries in Geneva. She said it was time to wind up operations under the 1989 comprehensive plan of action for Vietnamese and Laotian boatpeople, which has arranged resettlement for political refugees and repatriation for the rest.

The plan has run into financial trouble, with only $1m raised for this year out of the $77m UNHCR says it needs. UNHCR officials said yesterday they expected more funds to be forthcoming, but warned that without extra cash they could not maintain the programme. The meeting endorsed a target date of the end of this year for completing repatriation and resettlement for south-east Asian nations. Hong Kong, with over 22,000 Vietnamese awaiting repatriation, hopes to close its camps a couple of months later.

The Hanoi government has agreed to accept 3,600 returnees a month and to simplify procedures, Mrs Ogata said. Mr Werner Blatter, UNHCR regional director for Asia, said there was "no substantive evidence of any ill-treatment" of the 70,000 who have already returned. Since the fall of South Vietnam in 1975, over 839,000 Vietnamese have sought asylum, of whom 753,000 have been resettled. By the end of this year the UNHCR hopes to have found resettlement places for the remaining 3,180 refugees. *Frances Williams, Geneva*

NZ growth exceeds forecasts

Far stronger than expected economic growth in the past six months ruled out any prospect of lower interest rates or a weaker Kiwi dollar, Mr Don Brash, governor of the Reserve Bank of New Zealand, said yesterday. Releasing the six-monthly economic forecasts, treated as a mini budget in New Zealand because of the central bank's role in managing monetary policy, Mr Brash said the bank had erred in its previous assessment of economic growth last September, and should have tightened policy earlier than its actions in December.

Gross domestic product for 1994, which it had forecast at 4.6 per cent, was instead 6.6 per cent because of greater investment flows than expected. Because of lags involved in tightening monetary policy, inflation over the coming months would be "perilously close" to the top of the 2 per cent target range. *Terry Hall, Wellington*

Mieno denies loan pressure

Mr Yasushi Mieno, former governor of the Bank of Japan (*left*), yesterday denied political pressure was behind the controversial decision to bail out two small financial institutions facing mounting bad loans. Testifying before parliament, he said he had no direct discussions with politicians over the bailout, adding that the collapse of the two credit associations posed a threat to the country's financial system. Also appearing was Mr Tetsuya Horie, president of Long Term Credit Bank, a leading creditor of Tokyo Kyowa and Anzen, the two credit associations. He rejected suggestions that LTCB was responsible for overseeing the institutions' management policies. Last week, Mr Harunori Takahashi, former president of Tokyo Kyowa and famous as a speculative property developer, alleged that LTCB had approved the institution's day to day operations until 1993. *Emiko Terazono, Tokyo*

Money supply creeps ahead

Japanese money supply growth crept ahead in February, but remains well below the level most economists accept is needed to accelerate the weak economic upturn. The annual growth in the benchmark measure of M2 plus certificates of deposit rose to 3.6 per cent last month, the highest since June 1991, the Bank of Japan announced. That compares with a revised 3.2 per cent in January, but is less than half the growth rates achieved in the late 1980s. A more broadly defined measure of liquidity, also including postal savings, rose by 4 per cent in February. *William Dawkins, Tokyo*

■ Japan's industrial production in January fell a revised 1.5 per cent from the previous month, against a preliminary 1.4 per cent drop, the ministry of Internationa Trade and Industry said. *AFP, Tokyo*

■ Philippine exports dropped 11.5 per cent in January from December but were nearly 22 per cent up on a year earlier, the National Statistics Office in Manila said. *Edward Luce, Manila*

Why Karachi business acted

Farhan Bokhari on deadly violence in Pakistan's commercial capital

Mr Abdul Wahid, a jeweller in the heart of Karachi's busy Saddar district, will not open the door to prospective clients unless they have been to his store before. Like thousands of other businessmen in Pakistan's commercial capital, he is terrified. The bearded businessman in his early 50s says: "I turn away those that I don't know. They may be robbers or killers. How can anyone do good business in this city?"

Mr Wahid has reason to be fearful. Karachi's worst outbreak of violence has left almost 1,200 people dead since the beginning of last year. Now fear is inspiring businessmen to launch a protest campaign against the government of Ms Benazir Bhutto for its failure to restore peace to the city. The Federation of Pakistan's Chambers of Commerce and Industry, the country's top business grouping, has called for businesses to close nationwide on March 25, followed by an advertising boycott of state-owned local radio and television. The move is seen as the start of the most intense confrontation between business and government during Ms Bhutto's 17 months in office.

The southern port city's small expatriate community has become alarmed following last week's killing of two Americans working at the US consulate. Many foreign companies have advised businessmen coming from other countries to delay travel plans until the position improves.

In Washington the State Department late on Wednesday ordered US officials in Karachi to send their school-age children home and authorised other family members to leave Pakistan if they wished. Ms Christine Shelly, its spokeswoman, said: "While there are currently no credible reports of any specific threat against Americans in Karachi, such threats cannot be ruled out."

As Mr Yunus Khan, head of Deutsche Bank in Pakistan and chairman of the country's German business council, puts it: "As far as they (foreigners) are concerned, they think its highly unsafe for them to come, especially to Karachi."

Most of the violence appears confined to areas well outside the central business and banking districts. But businessmen are worried that the killings will none the less affect their profits. The Karachi Stock Exchange 100 index yesterday fell 42.63 points, or 2.45 per cent, to 1,695.57 – a 16 month low and 36.3 per cent below its peak of a year ago.

Mr Yakub Karim, chairman of the association of industries at Sindh Industrial and Trading Estate, the city's main industrial belt, estimates that up to 30 per cent of workers are absent on an average day, largely because many in poorer areas refuse to leave their homes for fear of being killed.

Most killings are alleged to be the work of rival gangs sponsored by the two factions of the Mohajir Qaumi Movement, Karachi's largest political party. The movement mainly represents Urdu speaking Moslems who migrated from India at the 1947 partition of the subcontinent. The MQM has been split between those loyal to Mr Altaf Hussain, founder of the movement, who is in exile in London, and a group of dissidents. The two sides have been killing each other's members in order to establish supremacy in the city, police say.

Tensions have been inflamed by at least three attacks on places of worship belonging to Shia Moslems. No one admitted responsibility. Officials are concerned that groups of hard-line Shias may retaliate against Pakistan's Sunni Moslem majority.

Ms Bhutto promised this week to get tough, and police arrested up to 300 activists from different groups. But businessmen are also demanding the governor and chief minister of Sindh, of which Karachi is the capital, should both be sacked because they failed to stem the decline in law and order. The FPCCI also wants the city to be put under curfew and army troops called back for three months equipped with wide powers of arrest and interrogation.

The provincial governor and chief minister, however, are close allies of Ms Bhutto and a redeployment of the army could backfire: last November, a 29-month military operation ended with troops being withdrawn amid allegations of human rights violations.

Adams move expected on IRA weapons

By John Kampfner and James Blitz in London and Jurek Martin in Washington

Britain and Ireland expect some move by Sinn Féin on decommissioning of IRA weapons shortly after the leader of the IRA's political wing Mr Gerry Adams returns from the US.

Officials said that while in Washington Mr Adams was unlikely to make a gesture that might satisfy UK conditions for upgrading talks to ministerial level.

But they were preparing for a "substantive statement" from Mr Adams possibly next week.

Mr Adams was among the guests at a St Patrick's Day lunch on Capitol Hill yesterday attended by President Bill Clinton and Mr John Bruton, the Irish prime minister. But contact between the leader of Sinn Féin and the president appeared limited to a brief exchange of words

At Westminster, ministers expressed satisfaction at remarks by Mr Richard Holbrooke, US assistant secretary of state, in which he called on Sinn Féin to ensure that decommissioning begins immediately.

Mr Holbrooke drew a distinction between constitutional parties and "the political representatives of paramilitary groups who have retained the right to return to violence if they do not achieve their goals".

The initiative from the State Department, which is understood to have opposed Mr Clinton's decision to allow Mr Adams to raise funds in the US, appeared part of efforts to heal the rift between London and Washington of the past week.

But, in the continuing game of diplomatic cat and mouse, Downing Street indicated that the long-awaited telephone conversation between Mr John Major and Mr Clinton would take place only at the weekend.

Mr Douglas Hurd, foreign secretary, said that "on balance" the US administration's approach "is certainly helpful".

"There have been differences of emphasis and now there is a coming together," Mr Hurd told journalists.

He called for a less emotional assessment of transatlantic ties. "I wouldn't use the phrase special relationship." Mr Hurd said. "It is not used by any of the practitioners to a very great extent."

However, he added: "There are elements that are unique."

Mr Adams and Mr Clinton were seated at different tables during the Capitol Hill lunch given by Congressman Newt Gingrich, Speaker of the House, in honour of Mr Bruton.

By accident, though, their two limousines arrived almost together on the rear steps of Congress but the two men made no eye contact.

'Feel-bad' factor afflicts chancellor

By Peter Norman, Economics Editor

Mr Kenneth Clarke, the UK chancellor, was yesterday trying to extricate himself from the political storm that followed his prediction that Britain's missing feel-good factor may not appear for at least another two years.

But some of his advisers are already looking ahead to a much gloomier prospect: Britain's next economic downturn.

Mr Chris Riley, head of medium term policy analysis at the Treasury, told an economic seminar on Wednesday it would be "quite extraordinary" if Britain were to avoid "a downturn in some sense" by 1999.

At the same event, two of Mr Clarke's six-man panel of independent economic forecasters, the so-called "wise men", expressed similar views. Mr Andrew Britton, head of the National Institute of Economic and Social Research, and Prof David Currie, head of forecasting at the London Business School, were sceptical that the government could avoid recessions.

Mr Clarke's aim is to iron out the boom and bust cycles that have marked Britain's post second world war economy and achieve the holy grail of sustained, non-inflationary growth. To this end he has been prepared to raise interest rates before a significant upturn in inflation and, as shown again in radio interviews this week, shrug aside the persistent "feel-bad" factor among the population at large.

But those from the City, industry, and the media who attended this week's seminar on "conditions for sustained economic growth", organised by the National Institute and the Economic and Social Research Council, might have wondered why he is bothering.

Mr Britton noted that the average length of economic cycle in Britain had been about 4½ years since the late 1950s. "Judging simply from this experience it would be surprising if there was no downturn in the 1990s. Indeed one could say that the next downturn could be expected any time now," he said.

According to Mr Riley, there has only been one cycle in the past 140 years as long as that of the 1980s, when apart from a "growth pause" in the middle of the decade, the economy grew steadily from the first quarter of 1981 to the second quarter of 1990. That previous long cycle was at the end of the nineteenth century.

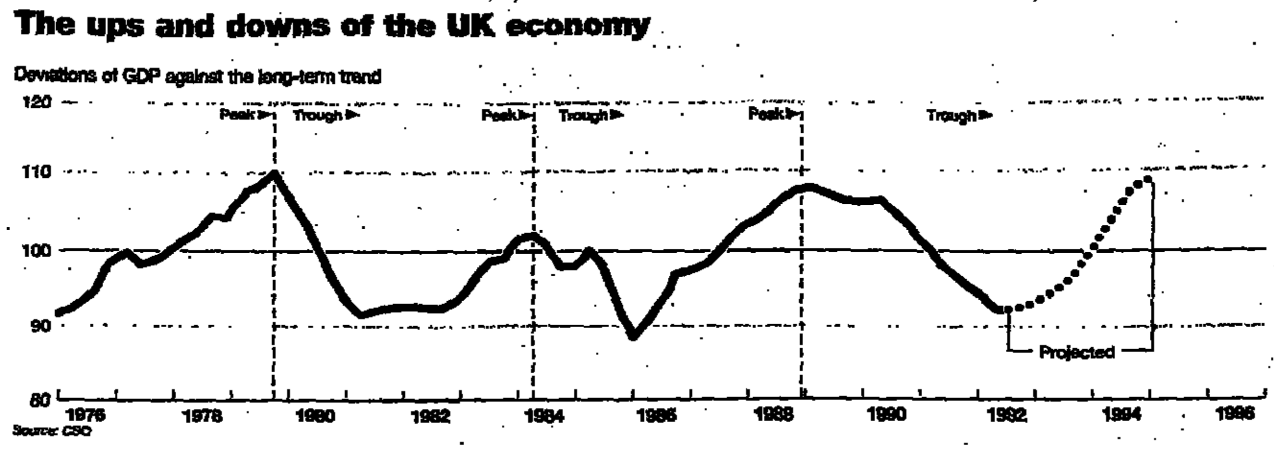
Mr Riley's message was that economic policymakers would have to perform much better than in the past to avoid a downturn in this decade. However, a downturn need not result in a recession. Britain experienced "growth recessions", when output growth slowed below trend in the 1950s and 1960s as well for most of 1984 and 1985.

Mr Riley pointed out that several factors could bring an end to growth. But as far as three of the Treasury's panel of wise men are concerned, the government's current target of steering underlying inflation into a narrow 1 to 2½ per cent range by the end of this parliament is not helping matters.

Mr Britton said halving the target range for the retail prices index, excluding mortgage interest payments, from the original 1 to 4 per cent was not realistic. Base rates would have to be raised to somewhat above 8 per cent from 6.75 per cent at present to keep inflation below 2½ per cent.

Mr Gavyn Davies, chief economist of Goldman Sachs International and another "wise man," said the government should consider a wider band of 0 to 4 per cent or emulate other countries and aim at a less specific goal. Britain would need to raise interest rates again to have inflation near to 2 per cent on a two year horizon, Mr Davies warned.

The ups and downs of the UK economy



Source: CSO

Weak tax receipts meant the government had to borrow £5.2bn ($8.52bn) last month to meet the shortfall between revenue and spending, official figures showed yesterday, Robert Chote writes.

The public sector borrowing requirement was higher than City economists expected and takes cumulative borrowing for the first 11 months of the financial year to £25.2bn. The Treasury said it was still on track to hit its Budget forecast of a £34.3bn PSBR for the financial year as a whole.

Central government receipts totalled £16.6bn in February, failing to match the 8.5 per cent increase over 1993-94 levels which has been achieved so far this year. Tax receipts have been somewhat subdued because the recovery has produced a relatively modest upturn in personal incomes and consumer spending.

Corporation tax receipts totalled £479m in February, more than twice the figure in the same month a year ago. Rapid profit growth recently prompted the Treasury to raise its estimate of the revenue yield from a 1p rise in the corporation tax rate in 1996-97 from £710m to £890m.

Net departmental spending totalled £20.9bn in February and has so far this year run 2.5 per cent higher than in 1993-94. The relatively modest rise reflects the impact of falling unemployment on the social security bill.

Local authorities and public corporations both repaid debt during the month. Some £19bn has been paid so far during this financial year as interest on the public debt. Economists were divided as to whether the government would overshoot or undershoot its Budget forecast for the full year.

Pyramid selling legal move planned

The British government is planning to make it a criminal offence to operate pyramid investment schemes in which participants receive income from payments by other participants, Stewart Dalby writes.

The move against money circulation schemes was announced yesterday by Earl Ferrers, minister for consumer affairs at the Department of Trade and Industry, in a consultation document proposing changes to the Fair Trading Act 1973.

Schemes involving the legitimate, direct selling of goods – household cleaning materials, jewellery and water filters are typical examples – but which have a pyramid element will be largely unaffected. But the DTI is to look closely at the relationships involved.

The schemes under attack redistribute money from new subscribers to those a few layers above, with "investors" attracted through mail-shots or advertisements in shop windows and newspapers promising large profits. The "profits" are the subscriptions of the most recent recruits so that as soon as the stream of new "investors" dries up, so do the payments. There is no underlying investment and continuous expansion is necessary for anyone to profit.

The direct selling schemes which will be looked at are those in which sales agents get commission not just on their own deals but on those made by people they have recruited. In these, the more layers of agents there are, the more the agent at the top earns.

The plans were welcomed by the Direct Selling Association, which says its membership accounts for 45 per cent of all direct selling in Britain.

The DTI has already forced a number of pyramid investment schemes to cease operating since last July.

The DTI said yesterday: "Unscrupulous promoters appear to devise schemes deliberately to avoid being subject to the Fair Trading Act's control."

High-tech companies bemoan skills shortage in Wales

By Lisa Wood and Roland Adburgham

A shortage of skilled workers and suitable young recruits could stem the flow of inward investment into Wales, one of the largest Japanese manufacturers in the principality warned yesterday.

Mr David Fowler, personnel director of Panasonic, which employs 2,000 in Cardiff making televisions and microwave ovens, said high-tech companies were in desperate need of better trained recruits and graduates to maintain their competitive edge.

"Panasonic and others are finding shortages of trained people entering the manufacturing industry," he said. Last year, Panasonic had had 200 applicants for apprenticeships, but found only three worth recruiting. The number of women who applied was in single figures.

Sony, the Japanese electronics manufacturer which employs 3,200 in south Wales, confirmed the difficulties in finding suitable school leavers for apprenticeships. Too many either lacked the minimum educational requirements, which were five GCSE passes at C grade or above, one of which must be maths, or they dropped out during their apprenticeships.

The company said one reason was schools encouraging students to stay on, when many were suited to vocational training. Engineering, even for "clean" high-tech companies, also still suffered from an image problem in attracting recruits. Mr Charles Middleton, chief executive of Training Services Wales, the largest training provider in south Wales representing 150 companies, said it was not a new problem, and not confined to Wales, but was becoming more acute as companies sought to expand. "There is no doubt whatsoever there is a shortage of quality candidates coming into engineering." He agreed with Panasonic that this risked damaging inward investment into Wales. As well as the need for schools to improve maths and science teaching, parental attitudes towards engineering as a career for their children needed to change.

● Sumitomo Precision Products of Japan has bought a Welsh subsidiary of Electrotech, a leading UK producer of microchip machinery.

The purchase of Surface Technology Systems, based at Abercarn in Gwent, is for an undisclosed price.

Mr Iwao Takai, president of SPP, said yesterday: "It is our first expansion outside Japan and we're confident that STS will give us a significant edge in the semiconductor production equipment business."

Insolvency ruling may hit receivers

By Ralph Atkins

The British government was last night under pressure to introduce retrospective legislation after a House of Lords judgment which could leave administrators and receivers facing bills running into hundreds of millions of pounds.

The Lords ruled that administrators and receivers may be liable to pay damages to an estimated 500,000 former employees of companies that ran into financial difficulty between 1986 and last year. The Department of Trade and Industry said it was "urgently considering" the judgment.

The Society of Practitioners of Insolvency said the decision would "penalise receivers for saving jobs". It could also produce "windfall" payments for high paid directors of companies that ran into trouble because they were the most likely to make compensation claims.

Last night more than 1,000 former employees of Leyland Daf and Ferranti – two companies at the centre of yesterday's ruling – indicated they would be claiming damages after being dismissed by receivers two years ago.

The Lords' decision means ordinary creditors of failed companies face receiving smaller amounts as former employees take preference. Considerable delays pending the flood of damages claims are also likely to result from the ruling.

Receivers themselves could also be liable where cases have been closed. Damages will be decided on an individual basis.

The problem stems from a miswording in the 1986 Insolvency Act which was interpreted by the Court of Appeal last year as making administrators and receivers liable to pay all contractual benefits due to employees who were kept on for more than 14 days.

The Court of Appeal ruling rocked the insolvency profession which had assumed it could be released from contractual responsibilities by a standard letter sent to employees of troubled companies. This typically said employment contracts were not being adopted but salaries would continue to be paid

The case was bought by administrators of Paramount Airways as well as the receivers of Leyland Daf and Ferranti but could apply to about 30,000 other cases. Arthur Andersen, receivers of Leyland DAF and Ferranti, said it had retained sufficient funds to enable both insolvent companies to meet their obligations under yesterday's judgment.

Tests cast doubt on treatments for heart attack

By Daniel Green

Two heart attack treatments widely accepted by doctors as effective do not help patients live longer, according to results of the latest in a series of large-scale clinical trials.

The failure of the two treatments – nitrates and magnesium – is "a major disappointment", says Rory Collins, co-ordinator of the Isis studies and senior research fellow at the British Heart Foundation, a medical charity.

A third treatment – a class of drugs called Ace-inhibitors – had some effect. It "produced a small but real survival advantage: one life saved for about 200 patients treated", says the British Heart Foundation.

The results of the Isis-4 study could be as influential as its predecessor, Isis-3, in changing the way that doctors treat heart attack patients.

Isis-3 showed that there was little if any advantage in using the expensive new "clot-buster" drug tPA, rather than a 30-year-old and much cheaper drug, streptokinase.

Isis-4, published in the medical journal The Lancet, follows the progress of 58,050 patients in 1,086 hospitals undergoing three different approaches to treating heart attacks.

One treatment was the Ace-inhibitor captopril, made by US company Bristol-Myers Squibb and also known by its brand name, Capoten. In Isis-4, captopril was given after a heart attack for a month, at a drug cost of about £30. This gives a "drug cost per life saved of a few thousand pounds" says the study. Collins says that this is a respectable figure and the cost should drop over the next year or two as Ace-inhibitors lose patent protection and compete with generic rivals. .

The other two regimes, using nitrates and magnesium, had no benefit on the survival rates of heart attack victims, according to the study. Magnesium may even make them worse.

Nitrates dilate blood vessels. Since heart attacks are the result of inadequate blood flow to the heart, nitrates should help. In practice, although they ease pain, they have virtually no effect on the survival of the patient, says the Isis-4 study.

Magnesium appears to reduce damage to the heart muscle and improve performance without increasing effort. But more patients on magnesium died than in the control group, although the difference was too small to be statistically significant.

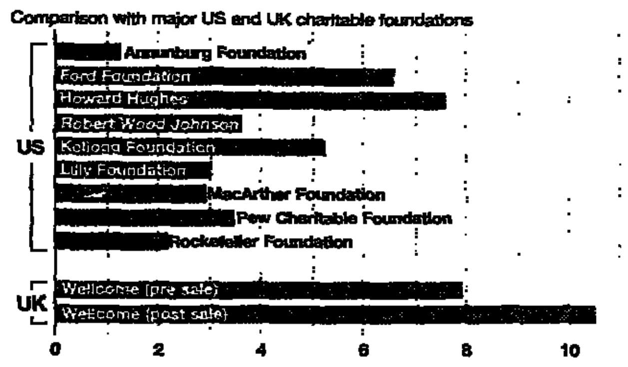
The results of Isis-4 are unlikely to have as great a commercial effect as did Isis-3. While tPA was a drug under patent owned by US biotechnology company Genentech, nitrates and magnesium are old, unpatented and therefore cheap.

World's richest charity turns its eyes to research

By Clive Cookson and Daniel Green

The world's richest charities

Comparison with major US and UK charitable foundations



Source: The Chronicle of Philanthropy. Asset value, $bn, 1994

The Wellcome Trust yesterday celebrated its emergence as the world's wealthiest charity – following Glaxo's takeover of Wellcome, the drug company in which it had a 40 per cent stake – by revealing plans to spend more on medical research, particularly overseas.

The London-based trust expects to have an income close to £300m ($492m) this year, up from £250m in 1994, £50m in 1989 and only £15m in 1984. After it receives a £2.45bn cheque from Glaxo on March 31, its capital base will rise to £6.8bn – well ahead of the richest US foundation, Howard Hughes, which also funds medical research.

Until now the trust's approach has been rather "anglocentric", says Dr Bridget Ogilvie, its Australian-born director. Only 2 per cent of Wellcome grants go outside the UK.

In future the trust will develop a more "international perspective", according to Sir Roger Gibbs, its chairman. The first sign of that is a commitment to spend an extra £50m over the next five years on worldwide "population research".

The decision to focus funds on population research, including the development of new contraceptives, follows last year's International Conference on Population in Cairo. Scientists made the point then that both industry and governments neglected research in this area, because of its political and religious sensitivities.

"The investment in contraceptive research by pharmaceutical companies is very small compared to their revenues from selling contraceptives," Dr Ogilvie says.

Within the UK, the trust will be spending about as much as the government's Medical Research Council.

The two bodies are already working closely together – for example they are jointly funding the new Sanger Centre for genetics research and the European Bio-informatics Institute near Cambridge – and they plan further partnerships in the future.

Another aspect of Wellcome's new research strategy is that, for the first time, the trust will take "an active approach to protecting and exploiting intellectual property for health gain." In the past the trust has left the patenting and exploitation of its research results to the scientists and their universities.

Wellcome plans to develop a patenting and licensing operation in collaboration with CRC Technology, the intellectual property arm of the Cancer Research Campaign.

The trust has always adopted a low profile, compared to charities like the CRC which rely on collecting donations from the public. "We are not going to seek publicity," Dr Ogilvie says, "even though our founder Sir Henry Wellcome enjoyed his high profile."

Even though his company will no longer have an independent existence, the legacy of its sale will establish Sir Henry's status as the greatest philanthropist in history.

UK NEWS DIGEST

Law Lords back 'no union' rule

The law lords unanimously ruled yesterday that employers are legally entitled to withhold pay rises from employees who refuse to sign personal contracts that remove their union-based negotiating rights.

Their decision overturns a Court of Appeal judgment two years ago backing union claims that some journalists employed by Associated Newspapers and dockers employed by Associated British Ports suffered unlawful discrimination when refused pay rises given to colleagues who had signed personal job contracts and accepted union derecognition.

In 1993 the government changed the law in response to the earlier Court of Appeal judgment. Since then, UK employers have been able to make changes in their relations with staff. But the change in the law was not made retrospective.

The International Labour Organisation's committee of experts has ruled that the 1993 changes contravene the freedom of association convention, which upholds the freedom of workers to organise themselves in unions. Britain is a signatory to it but it has no legal force. *Andrew Bolger*

Underground needs 'extra £1bn subsidy'

London Underground yesterday said it would need an extra £1bn of government subsidy over the next five years if passengers are not to be faced with a "patch and mend" service.

The Underground requires about £750m a year to run its trains and maintain the system, it said. About £400m a year will be provided by the government in 1995-96 with a further £130m coming from the Underground itself, in the form of fare revenues, cost savings and the involvement of private finance. This leaves a shortfall of about £200m a year.

Public subsidy met 6.5 per cent of London Transport's operating costs in 1992-93 compared with 82.5 per cent in Rome; 77.5 per cent in Amsterdam; and 53 per cent in Paris. Only Dublin received a smaller proportion – 4 per cent. On average public subsidy met 51 per cent of public transport costs in 10 European cities. *Charles Batchelor*

MOD reviews export order strategy

The government yesterday said that in future it would support only one defence company bid for each export order.

The Ministry of Defence has until now supported every company chasing an export defence order.

Mr Roger Freeman, defence procurement minister, yesterday denied that the UK was trying to pick winners among its defence exporters. He said the current policy risked two British companies running down one another's products and potentially letting in a third party. In future, the MoD would support the company which it decided had the best credentials to win the contract.

The policy switch is part of an effort to win more than £5bn a year in defence export sales, to secure jobs and cut the cost of weapons to UK forces by producing equipment in longer production runs. *Bernard Gray*

Scots win Irish windfarm contract

ScottishPower has won a contract to build and operate a windfarm in the north west of Ireland as part of a Dublin government programme to promote alternative energy. It is the company's first order outside the UK.

The windfarm at Barnsmore, County Donegal, will comprise about 25 turbines, each with a capacity of 600 kilowatts. The total 15 megawatts generated will be enough to supply a town of 15,000 people.

ScottishPower already holds the contracts to supply a total of 15 megawatts from three windfarms in Northern Ireland. The company's first windfarm – a joint venture with Japan's Tomen Corporation and SeaWest of the US – operates in mid-Wales and has been generating since late 1992. *Michael Smith*

Crufts link with Samsung attacked

The International Fund for Animal Welfare yesterday urged the Kennel Club to cut its links with Samsung, the Korean electronics company which is a sponsor of the annual Crufts dog show.

The fund says up to 2m dogs are processed for the Korean food industry every year.

Samsung became involved with the show – which opened yesterday at the National Exhibition Centre in Birmingham – because Mr Kun Hee Lee, the chairman, takes an interest in pedigree dogs and has campaigned for improved animal welfare standards in Korea. The company has supported Crufts for three years. The fund stressed it had no doubts about Samsung's sincere motives for supporting the show, but said the Kennel Club, which organises the show, was giving the wrong messages by maintaining links with Korea.
PA News

Unions fear for workers' safety

British workers will face greater danger at work as a result of reductions in the number of government health and safety inspectors, according to the Trades Union Congress.

The TUC said 85 senior inspectors and medical advisers would today leave the Health and Safety Executive under an early retirement policy designed to save money. The TUC said the cuts came as the HSE was facing increased demands in dangerous industries such as construction, railways and gas supply.
Andrew Bolger

COMMERCIAL PROPERTY

THE PROPERTY MARKET

Flow of money still sluggish

Investors show little interest in the UK, although bank lending is rising, says Simon London

Asset markets are driven as much by flows of money as by fundamentals. Property is no exception to this rule. The willingness of investors to buy buildings – and the enthusiasm of banks to lend them the money to do so – is therefore just as important as the outlook for rents.

Money flows into the UK property market from four main sources: quoted property companies, overseas investors, domestic investment institutions and banks. When the market is firing on all four cylinders, as happened in the late 1980s, the result is spectacular.

For 1995, though, the signs are that liquidity will be in short supply.

Overseas investors have committed £1bn-£2bn a year to UK property over the past few years, most of it invested in central London office buildings. There is no reason to expect 1995 to be much different. Indeed, continental European markets may look relatively more attractive as they pull out of recession. This could divert cross-border cash into other countries.

Neither can quoted property companies be relied upon to chase capital values higher. Most of the cash they raised from the equity market in 1994 has already been spent. The poor performance of the sector over the past few months suggests that shareholders are in no mood to respond to further requests.

Meanwhile, institutional investors such as pension funds and life insurance companies have reasons to pull back from property.

According to WM Company, which runs one of the UK's two main performance measurement services, pension funds increased their property weighting from 5 per cent to 6 per cent during 1994. Caps, the rival performance measurement service which covers more small pension funds, saw its median property weighting rise from 1.6 per cent to 2.3 per cent over the year.

But this increased exposure to property does not necessarily reflect enthusiasm for bricks and mortar. The good investment performance of property compared with equities and bonds pushed weightings higher, even if the fund managers were not aiming to shift asset allocation.

WM's figures show that pension funds achieved a total return of 12.3 per cent from property last year. Only Japanese equities performed better – although, given the recent poor performance of the Tokyo stock market, that is hardly comforting.

Good returns from property helped big pension funds – which hold about 8 per cent of their assets in property – outperform smaller rivals last year. Far from trying to repeat the trick in 1995, though, the big funds seem to be switching their attention to equities and bonds.

Provisional results from an annual survey of funds by Hillier Parker, the surveyors, point to a dwindling supply of institutional cash available for investment in property.

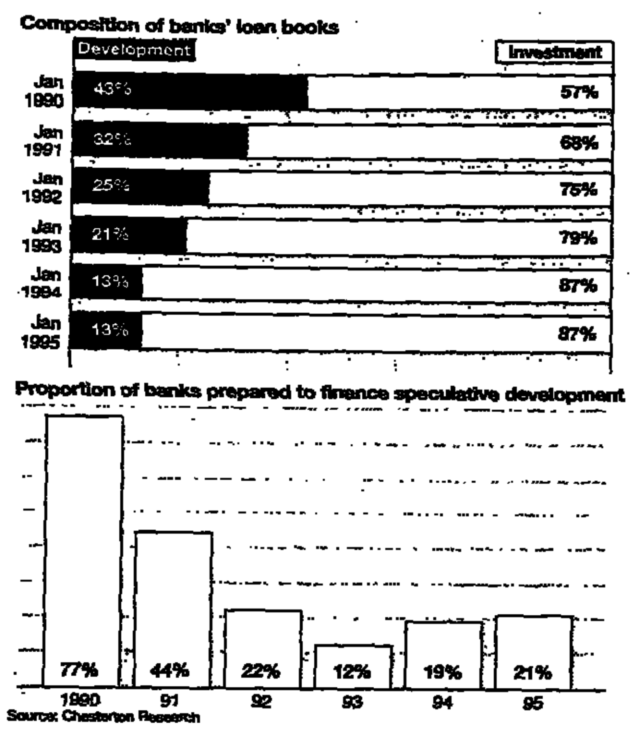
The top five funds in the survey (Prudential, Legal & General, AMP, Scottish Amicable and Norwich Union) have only £300m-£400m available, down from £525m last October and £1.8bn in July. Fund managers have concluded that property weightings rose far enough during 1994.

If institutional investors are pulling back from the market, banks are slowly returning. According to Bank of England figures, lending to property increased in the last quarter of 1994 for the first time since the spring of 1991.

Chesterton, the surveyors, asked the banks what type of lending they were prepared to consider and at what interest margins.

Its latest survey shows that 60 per cent of banks are now willing to finance property development, up from 54 per cent last year and 48 per cent in 1993. Although more than half the banks questioned said that they would never finance speculative development, 21 per cent said they would consider backing speculative schemes in the near future.

Banking on UK property



Source: Chesterton Research

The loan-to-value ratios banks are prepared to consider on investment deals have barely changed over the past three years. However, the proportion of banks willing to provide bridging loans has increased from 23 per cent to 39 per cent in the past two years, suggesting that lenders are becoming more flexible in order to win business.

The survey says that average lending margins on investment transactions are unchanged at about 2 per cent over interbank rates. Yet anecdotal evidence suggests that margins charged on better-quality deals have narrowed as competition among banks has increased.

"Two years ago a commercial mortgage on an office building let to a top corporate tenant on a long lease might have cost 1.5 per cent over interbank rates with a ½ per cent arrangement fee. Today the margin has come in to perhaps 1 per cent and the arrangement fee has halved," comments Mr Mike Riley of Chesterton Financial.

But it is difficult to argue that this heralds another orgy of debt-financed investment and development. Raising funds for investment deals based on poor quality tenants or short leases – where the banks run the risk that the building will lie vacant – remains difficult.

The results point to a two-tier property finance market. Banks are anxious to lend more to property, yet memories of the downturn are fresh. Conservative lending policies and low margins for good-quality deals are the result.

Doubtless margins on top-quality business will eventually fall so far that banks start to relax lending criteria. As yet, there is little sign of this. The market in secondary properties remains frozen, largely because banks are reluctant to grant mortgages on anything but the best assets.

All this suggests that the supply of liquidity to the UK property market is likely to remain tight. Investors with contrarian leanings and cash in hand – the bigger property companies and German mutual funds spring to mind – may take the chance to buy while competition is relatively weak.

But so long as the fundamentals are at best mixed – there is still no sign of widespread rental growth taking hold – it is difficult to see the market escaping from its doldrums.

BUSINESSES FOR SALE

LEGAL NOTICES

No. 001180 of 1995

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER OF BROWN & ROOT McDERMOTT FABRICATORS LIMITED (formerly McDERMOTT SCOTLAND LIMITED)
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition of the above named Company was on 24th February 1995 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, The Strand, London WC2A 2LL on Wednesday 29th March 1995.

Any Creditor or Shareholder of the said Company desiring to oppose the Making of an Order for confirmation of the said cancellation of the Share Premium Account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 14th day of March 1995

Ince & Co
Knollys House
11 Byward Street
London EC3R 5EN
Ref: NSBG/DS/58407
Tel: 0171 623 2011

No. 00577 of 1995

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

Mr Registrar Buckley
Wednesday the 1st day of March 1995

IN THE MATTER OF BARCOM plc
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 1st day of March 1995 confirming the cancellation of the Share Premium Account of the above named Company in the sum of £12,956,000 was registered by the Registrar of Companies on the 2nd day of March 1995.

Dated this 15th day of March 1995.

SPEECHLY BIRCHAM,
Bouverie House
154 Fleet Street
London EC4A 2HX
Tel: 0171-353 3290
Ref: MRL/HJB/106316
Solicitors for the above named Company

COMPANY NOTICES

CANADIAN PACIFIC LIMITED

At a meeting of the Board of Directors held today a quarterly dividend of eight cents (8c) Canadian per share on the outstanding Ordinary Shares was declared, payable on April 28, 1995 to holders of record at the close of business on March 27, 1995.

By Order of the Board
D J Deegan
Vice President and Secretary
Calgary, Alta, March 13 1995

INVITATION FOR EXPRESSION OF INTEREST FOR THE SALE OF OF A GROUP OF ASSETS OF "METALLLURGIKI HALYPS SA" OF ATHENS GREECE

ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabilities, of 1 Skouleniou Str., Athens, Greece, in its capacity as Liquidator of METALLLURGIKI HALYPS S.A., a company with its registered office in Athens, Greece, (the Company), presently under special liquidation according to the provisions of Article 46a of Law 1892/1990, invites interested parties to submit within twenty (20) days from the publication of this notice, non-binding written expressions of interest for the sale of the group of assets mentioned below, which is being sold as a single entity.

BRIEF INFORMATION

The Company was established in 1972 and was in operation until 1991, when it was declared bankrupt. Its activities included the production of concrete reinforcing iron in rolls and bars. On 10.8.94, the Company was placed under special liquidation according to the provisions of Article 46a of Law 1892/1990.

GROUP OF ASSETS OFFERED FOR SALE

STEEL PRODUCING INDUSTRIAL COMPLEX AT "TSINGELI", IN THE COMMUNITY OF ALMYROS, VOLOS. This is a steel foundry rolling mill, occupying an area of approx. 575, 215 m2. Comprising the following buildings:
a. Rolling Mill, approx. 26,070 m2.
b. Steel Foundry, approx. 7,600 m2.
c. Several auxiliary buildings (offices, storage areas, water processing unit, workshop, weighing areas, underground tanks, auxiliary areas, etc.)

The plant's machinery and mechanical equipment, the company's trade name and any such stock in trade or claims as there may exist are also being offered for sale. It should be noted that port facilities were created to deal with the plant's needs through the acquisition of special permits granted by the public authorities. The future owner of the plant will have to apply to the relevant public authorities for the renewal of the said permits, allowing the further use of these facilities (which constitute public property).

SALE PROCEDURE

The sale of the company's assets will be by way of Public Auction in accordance with the provisions of Article 46a of Law 1892/1990, (as supplemented by art. 14 of L.2000/1991 and subsequently amended) and the terms set out in the invitation, for tenders for the sale of the above assets, to be published in the Greek and foreign press on the dates provided by law.

SUBMISSION OF EXPRESSION OF INTEREST - OFFERING MEMORANDUM-INFORMATION

For the submission of Expressions of Interest as well as in order to obtain a copy of the Offering Memorandum, please contact the Liquidator, "ETHNIKI KEPHALEOU SA. Administration of Assets and Liabilities", 1, Skouleniou Str. Athens 105 61, GREECE, Tel. +30-1323.14.84-97 Fax: +30-1-321.97.05 (attention Mrs. Marika Frangakis).

PUBLIC CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF THE COMPANY UNDER THE TITLE "HOTEL AND TOURISM ENTERPRISES DIMITRIOS KARAMBATOS S.A."

The Societe Anonyme under the title ASTIKA AKINITA A.E. with head offices in Athens (43 Panepistimiou str.) lawfully represented under its capacity of special liquidator by virtue of resolution No. 3/18-1-95 of the Nafplion Court of Appeal, of the limited liability company "HOTEL AND TOURS ENTERPRISES DIMITRIOS KARAMBATOS S.A."

ANNOUNCES

A public call for tenders with sealed, binding offers, for the sale of the total assets of the enterprise under special liquidation by vitrue of article 46a, l. 1892/1990, of which the object is the exploitation of the hotel "ELITE" of the societe anonyme under the title "HOTEL AND TOURISM ENTERPRISES DIMITRIOS KARAMBATOS S.A."

ACTIVITIES AND BRIEF DESCRIPTION OF THE COMPANY

The company was founded on 18.10.1983 with the objective of exploiting the "ELITE" hotel, the establishment, operation and exploiting of hotel and tourism enterprises in Greece, as also the exercise of related projects or enterprises.

The assets of the company to be sold are described in detail in the offer memorandum and consist of one (1) hotel complex fully equipped, located in the Municipality of Verga, Kalamata, Prefecture of Messinia, on Navarinou street (coast road) and bears the title "ELITE".

It is an A Class hotel with a capacity of 57 rooms and 94 beds (20 single and 34 double rooms and 3 double suites). It is erected on a site with a total area of 6,800 sq.m. and it consists of a basement (770 sq.m.), a ground floor (1,000 sq.m.), a first storey (980 sq.m.), a second storey (730 sq.m.) and a terrace (270 sq.m.), plus the *electromechanical installations required for the operational needs of the tourism unit and its security such as air conditioning, fire protection, kitchen installations, laundry,* restaurant, telephone switchboard, etc.

INVITES

any interested party to receive, in the event they have not already received, the offer memorandum, and submit a sealed, binding offer accompanied by a letter of guarantee by a Bank operating lawfully in Greece.

TERMS OF THE CALL FOR TENDERS

1. The public call for tenders will be carried out according to the provisions of article 46a, l. 1892/1990 which was added to the law by virtue of the provision of article 14, l. 2000/91, the provisions of article 53 l. 2224/1994, the terms included in the present call for tenders and the terms of the offer memorandum, which interested parties may obtain after submitting a pledge of confidentiality in writing.
2. In order to participate in the call for tenders, interested parties are invited to deliver a sealed, binding offer in writing by 14.00 on Thursday, April 13, 1995 to the Kalamata notary public Mrs. Panagiota K. Kouvela, 241 00 Kalamata, Messinia, tel. no. (0721) 87444.
3. Each offer will be accompanied by a letter of guarantee issued by a Bank operating legally in Greece, with the contents described in the offer memorandum and amounting to the sum of forty million (40,000,000) drachmae.
4. The offers and the letter of guarantee must be delivered in a sealed, opaque envelope.
5. The offer must mention clearly the amount offered for the purchase of the total assets of the company under liquidation and must not contain any terms, options or vague phrases which might create uncertainty as to the amount or the manner of payment of the sum being offered or other matters related to the sale.
6. The delivery of the offers will be made by the interested party in person, or by his authorized representative.
7. Overdue offers will not be accepted and will not be considered. The binding nature of the offers will apply until the award of the sale.
8. The assets of the company and all the elements of which they consist, such as real estate, moveable objects, name, claims, title and abbreviated title, rights, etc. will be sold and transferred "as and where they are", i.e. in their real and legal condition and at the place where they are located on the date of signing the contract of sale.
9. The liquidating company and the creditors representing 51% of total claims against the company (para. 1, article 46a, l. 1892/1990 as it currently applies) are not liable for any legal or real defects or the lack of any attributes of the objects and rights being sold, nor are they liable for any omissions or inaccuracies contained in the offer memorandum and any correspondence.
10. Interested potential purchasers are obligated, under their own supervision, and by their own means, expenses and personnel, to investigate and acquire a personal perception of the objects being sold, and to mention in their offer that they are fully informed as to the real and legal condition of the assets under sale.
11. The liquidator and the creditors mentioned in para. 9. above are entitled, according to their own judgement, to reject offers containing terms and options, regardless of whether they are superior to other offers as regards the amount being offered.
12. In the event that the party to which the assets under sale are awarded, violates its obligation to come forward and sign the contract within ten (10) days from the relevant invitation by the liquidator and observe the obligations arising from the present announcement, the letter of guarantee amounting to forty million drachmae (40,000,000) is declared forfeited in its entirety in favour of the liquidating company ASTIKA AKINITA A.E., towards covering all its expenses of any type and its services, as also any direct or indirect damages, without the necessity of proving specific damage, and as a penal clause in favour of that company, deemed as having been submitted with the offer, so that it can be collected from the Bank issuing the guarantee. The letters of guarantee submitted for participating in the tender will be returned to all other participants following the evaluation report of the liquidator and the creditors mentioned in para. 9 above, and to the successful bidder, to whom the sale will be awarded, following the payment of the amount agreed and the drafting of the payment order.
13. The seals of the offers will be broken by the notary public mentioned above at his office, at 13.00 on Friday, April 14, 1995.
14. The successful bidder will be the party whose offer will be judged by the liquidator and approved by the creditors mentioned in para. 9 of the present, as being the most advantageous for the company's creditors.
15. The liquidator will notify the successful bidder in writing of his obligation to come forward to the place and at the time determined in the notification, for signing the contract transferring the assets, according to the terms of the offer and any improved terms that may be indicated by the creditors and agreed with the highest bidder.
16. The signing of the transfer contract stands as a final assignment according to article 1003 of the Code of Civil Procedure whereas the amount to be paid to the liquidator by the highest bidder stands as a bidding payment according to article 1004 of the Code of Civil Procedure.
17. All expenses and costs arising from participation in the tender and the transfer (tax, stamp duty, notary public's fees, registrar of mortgages, announcements, etc.) will burden exclusively the interested potential purchasers and the highest bidder respectively.
18. In the event of part of the purchase price being on credit, the highest bidder will be obligated to provide any guarantee that may be requested by the liquidator according to his own exclusive judgement, and will be burdened with all related expenses, costs and fees required for the formation of such guarantees and their termination.
19. The liquidator and the creditors will not bear any responsibility or liability against those who will participate in the tender as regards the evaluation of the offers, their recommendation of the successful bidder, the decision for the repetition or cancellation of the tender and any other decision relevant to the procedure and realization of the tender.
20. The submission of the binding offer does not create a right of awarding the assignment for the sale. In general, all parties participating in the tender do not acquire any right or claim arising from the present announcement and their participation in the tender against the liquidator or the creditors for any cause or reason.
21. The present announcement has been drafted in the Greek language and translated in the English language. In every instance however, the Greek text will prevail.

Interested parties may collect offer memorandums and receive other information from Mr. George E. Poimenidis and Mr. Gerassimos A. Christopoulos, 43 Panepistimiou Street, Athens 105 64, telephone nos.: 326.6113 and 326.6110 fax no: 326.6118.

MANAGEMENT

Weathering the storm

Laura Silber examines the survival strategy of a Belgrade hotel

Richard Stedman is the Job of the hotel world. His faith has been tested by draconian economic sanctions, hyperinflation and war in former Yugoslavia, but citing last week's 50 per cent occupancy rate he believes prospects have brightened.

As manager of the Hyatt Regency in Belgrade for nearly three years, Stedman has had to stay on his toes. "It is so uncertain, planning is very difficult," he says. The United Nations in May 1992 imposed sanctions on Serbia and Montenegro, which together comprise what remains of Yugoslavia. All international companies pulled out – except one. Hyatt was granted a sanctions dispensation by the US treasury and the UN in order to protect its share of a $50m (£33m) investment.

"From then on," says Stedman, "the goal was to maintain a positive cash balance and uphold Hyatt's five-star standards. In other words, weather the storm."

Armed with a decade of experience in hotel management on three continents, Stedman, now 35, faced a real challenge.

Under sanctions, which included an oil embargo and a ban on international air traffic, the 308-room luxury Hyatt was cut off from the outside world. That uncertain climate gave rise to what he calls the four f's – fast, focused, flexible and fun.

"The company is already decentralised, but because of sanctions Belgrade had to function independently," recalls Stedman. "The situation on the ground was moving so fast that advice was mostly moral support," he adds.

Despite the vast drop in overnights, Stedman chose not to sack any of the 350 employees, leaving it to natural attrition.

They battened down the hatches. The usual stock of 50,000 items was slashed by half. "We made sure we could survive using local products," says Stedman.

Another problem was the uncertain business climate. In 1993, inflation exceeded 1bn per cent. "We adjusted the hotel exchange rate three times a day. We had to move fast, money lost its value so quickly."

Hotel bills ran in the trillions. "When guests were checking out, it would take 45 minutes to count the dinars. It was nightmarish from a commercial point of view and it created immense problems for the staff," he says.

Under Yugoslav law, workers must be paid through their bank accounts. By the time the funds had cleared, their wages had been eaten up by inflation. Salaries fell from the dinar equivalent of DM200 (£87) to DM10.

In the chaotic and frantic time of hyperinflation, Stedman tried to make the Hyatt an oasis of stability for the staff as well as guests. "For many people it was the only sane and organised part of their life."

Stedman emphasised and increased the number of training programmes. Employees won recognition for good work. A school was opened for workers' children. Hyatt paid monthly transport passes.

Another of his tenets, "fun" takes the form of football, parties and even a beauty contest. While working to bolster staff morale and motivate his employees, the fabric of society was being torn apart. The crime rate soared, in particular among gangsters settling scores. Stedman claims eight out of 10 Yugoslavs own firearms.

In the Hyatt, people mostly check in their weapons before going through the metal detector. One night, 80 guns were handed over.

Stedman is looking forward to the day when sanctions will be lifted. "We are ready to go. First, we will launch our sales and marketing plan."

Since the Hyatt opened in 1990, the situation has been adverse. "The entire operation was streamlined to a minimum. There is a space for a casino downstairs which is just a shell. We will open that up."

While the Hyatt may not have flourished under sanctions, it has certainly survived. This was Stedman's goal. In a climate where discipline and diligence are seldom top priority, the staff is well-trained and tries hard.

Amar Bose: 'I've really come to believe that an apparently ordinary person can be capable of great things, given the chance'

Mr Motivator

Victoria Griffith on the dual career of Amar Bose

As a full-time professor at the Massachusetts Institute of Technology and chairman of a leading corporation – Bose, which makes quality stereo equipment – Amar Bose is a rare management specimen.

Perhaps no other senior manager in the US has such a dual career. Bose, whose company's sound systems can be found in upmarket stereo stores and luxury cars, believes his involvement with academia helps him in the business world by enhancing his understanding of how people learn and work.

At both Mit and Bose Corporation, Bose sees his key role as that of a motivator. "I've really come to believe that an apparently ordinary person can be capable of great things, given the chance," says Bose. "That has shaped my philosophy of teaching and managing."

In the 1960s, Bose participated in a Ford Foundation experiment at Mit to see if students who faced an extraordinary challenge in the classroom learned at faster rates. According to Bose, they did. "That experiment changed my view on what people can achieve," says Bose. "If the threshold is ambitious, people tend to live up to higher standards."

As a result, Bose says, he offers employment to people other companies are often unwilling to take a chance on. "I hired an 80-year-old woman once to do word-processing for us, and everyone said I was crazy," he explained. "She had never even touched a computer before and had to be taught. But that woman was the fastest word processor in the company for many years running."

Bose's views were reinforced, he explains, by a documentary he saw a few years ago called Stand and Deliver. The documentary featured a Los Angeles high school professor who successfully taught calculus to under-privileged students who previously had a poor understanding of basic arithmetic. "If you convince someone that they are capable of great things, they will rise to the occasion."

By the same token, Bose believes, mediocrity tends to perpetuate itself by lowering expectations. In the company's early days, it conducted an experiment to measure people's response to a new sound system. Bose asked participants to come into a room one at a time and adjust the stereo's knobs to achieve the best effect. The Bose listeners adjusted the stereo to an inferior sound, the one they were used to hearing on their poor home stereo system. "When that experiment was first done, everyone thought it meant that people could not appreciate good sound quality," says Bose. "But we know that's not true."

The answer, he believes, lies in educating the consumer in the same way a professor educates a student to appreciate finer things. "If you stand by them and point out that they're blocking out the sound of the cymbals, they'll change their mind. And once they live with the superior system for a while, they'll never go back to the bad quality one."

Juggling his schedule between full-time teaching and heading a corporation is not easy, says Bose, but it offers him important advantages.

"People often say, and rightly so, that your knowledge of a subject peaks when you graduate from university and goes downhill after that," he says. "By teaching, I'm sure to always keep up with the material."

Mit also benefits from his dual career, Bose believes. "People would laugh at a football coach who had never played the game," he points out. "But in universities, you often have professors of subjects who've never had a job outside academia."

Bose believes all managers, even if they do not have a dual career in academia and the private sector, can benefit from incorporating some form of teaching role into their lives, whether it is for company training sessions or lecturing at universities.

"The adage that the best way to learn a subject is to teach it still holds true," he says. "And through teaching, you learn a lot about human nature."

Behaviour analysis has transformed an old City firm, finds **Tim Dickson**

Look, listen, learn then alter

How do you turn an old-fashioned City of London partnership into a dynamic and properly managed insurance organisation?

Thomas Howell Group, part of the world's second-biggest reinsurance company Swiss Re, has recently sought to achieve this transformation in a rather unusual way. Led by chairman and chief executive John Stitch it called in a firm of "professional voyeurs".

Voyeurism is how Tony Hipgrave of Huthwaite Research describes some of the work his company has been doing over the past three and a half years for THG, which is the UK's biggest loss adjuster with a turnover of more than £100m.

Through techniques such as behaviour analysis – in which records are made of what happens and fed back to groups and individuals – Huthwaite set out to make the group's board meetings more effective, and to encourage directors to think ahead strategically rather than just to react.

Loss adjusters, who investigate and settle claims on behalf of other companies, enjoyed buoyant demand throughout the 1970s and 1980s as they followed their big domestic clients into international markets. But about the time THG was acquired by Swiss Re in 1988 the UK domestic market started to plateau and competition from the insurance companies intensified.

Under pressure from its new parent it became clear that the classic partnership structure with all its fiefs and often meaningless titles was no longer appropriate, not least given the need to continue expanding globally. Incorporation on its own and a thinning out of the management hierarchy, moreover, were not enough.

Michael Reeves, THG's marketing director and European chief executive designate, says the departure of a couple of "difficult" individuals and the injection of younger blood in 1992 made a perceptible difference.

But he also accepts that the behavioural approach of Hipgrave and his Huthwaite colleagues has improved the board's performance.

"Board and team skills don't normally form part of a loss adjuster's armoury," he admits.

Hipgrave says Huthwaite's contribution was in part to help the directors "unlearn" old habits. "The early meetings were overlong, poorly structured and airtime was shared very unequally. There were tricks and 'games' going on. In fact, the meetings were scarcely worthwhile."

The "airtime" problem was dealt with by behavioural analysis – literally timing the length of each contribution and examining whether individual styles of persuasion were of the "push" (advancing arguments) or "pull" (asking questions) variety. This helped shorten and better structure the meetings.

The "games" were tackled through a series of intimate interviews with each board member

'Board and team skills don't normally form part of a loss adjuster's armoury'

using a variety of psychological tools, followed by detailed and at times painful individual feedback and a board meeting where participants were forced to face up squarely to who needed to change and how.

"This has resulted in a more honest recognition of how decisions are really made and contributed to the new structure which the group will have in place in April," says Paul Clayton, CEO designate.

Hipgrave says it is one thing for a consultant to be called into an organisation to sort out its internal structure and processes, and to re-think its strategy. It is "very rare" to be also asked to observe meetings at board level in the way it has happened at THG.

"Boards are rarely honest enough to say we are not behaving properly with each other. That is something that they are usually only happy to see going on further down the organisation," he says.

ARTS

Sad music from the Russian soul

Relentless orchestral touring is taking its toll. **Andrew Clark** talks to conductor Mikhail Pletnev

His eyes look heavy and his expression is world-weary. Mikhail Pletnev is tired of nightly concerts, tired of travelling, tired of journalists. And the tiredness seems to have crept into his performances with the Russian National Orchestra, which he founded in 1990 after the collapse of communism.

"I could reduce my workload", he said in New York during the orchestra's latest US tour, "but it's a question of money. These musicians have to live, they have to work. If I'm there, I can provide the work. If I'm not, there is no work."

Like any other private enterprise, the Russian National Orchestra must generate its own income to stay alive. There are no state hand-outs. So the musicians accept their gruelling tour schedule with little complaint. The performance is never less than tonally sophisticated and superbly balanced – but it is all rather cold and perfect, lacking true Russian soulfulness.

Perhaps this is a reflection of Pletnev's cool platform manner – or perhaps the pressures of touring have induced a certain amount of auto-pilot. After five years in command of an elite Russian ensemble, Pletnev seems disillusioned. "Whether it's Shostakovich's Tenth Symphony or Tchaikovsky's Sixth, the musicians are happy to play. They like to work hard. But it's not my kind of job – I can't reproduce myself day after day like this. It contradicts my idea of music-making. I like to prepare a programme and perform it once or twice, then I need to think it over.

"As long as I'm interested, I can do it well. But when I'm completely disgusted I can't pretend otherwise. There are many who could conduct Beethoven's Fifth Symphony three times a day if they were offered a good fee. We're talking about great music, serious music, which needs time and thought. When I have something to say, I go out and say it. But that's not what I'm doing now. I don't belong to myself any more."

Pletnev the serious musician and Pletnev the entrepreneur are clearly ill-at-ease with each other. He has a reputation for being an introvert; a member of his orchestra says, "if you start talking to him, sometimes you get the feeling you're disturbing him. It's as if music is constantly playing inside his soul."

A different, more relaxed side to Pletnev's temperament should be visible this weekend when he visits London's South Bank Centre for two concerts with his other regular orchestral partner, the Bremen-based Deutsche Kammerphilharmonie. He will play piano concertos by Mozart and Haydn, and conduct symphonies by Mozart and Mendelssohn – a far cry from the Russian showpieces he takes on tour with his own orchestra.

The keyboard seems to be Pletnev's natural home. He won the Tchaikovsky Piano Competition in Moscow in 1978, aged 21, and his playing continues to win praise. But his solo career has been increasingly overshadowed by his work with the Russian National Orchestra, whose early tours and recordings made a big impact at home and abroad.

His aim was simple: "I wanted to achieve a large symphonic ensemble of 100 musicians that would maintain the intimate, precise attitude towards music-making that you find in the best chamber music ensembles. I also told my musicians we would make their lives easier and better by giving them more money than the state orchestras."

To give substance to his vision, Pletnev teamed up with a fledgling arts management company in Moscow, secured sponsorship from a newly-formed private Russian bank, and put up $200,000 of his own. He then sought influential friends in the west. Deutsche Grammophon responded with a recording contract. Columbia Artists Management, the US agency, began organising tours and publicity. The orchestra set up its own Californian-based arts foundation to attract hard currency. More than 90 per cent of its income comes from outside Russia.

Pletnev's initiative aroused jealousies in Moscow, not just because he attracted the best players, but because at the time he was not widely known as a conductor. Older colleagues dismissed him as an upstart, and said he was using his orchestra merely to develop his career. But Pletnev gives as good as he gets. "These conductors spend all their time in the west and neglect their own orchestras. We don't need them."

Tour income helps to subsidise the orchestra's concerts in Moscow, which lose money even though they are always sold out. Pletnev tries to vary the repertoire: if he conducts Tchaikovsky, it may be the little-known First Suite rather than one of the symphonies. Abroad, he leavens the obligatory diet of Russian music with Grieg, Bizet, Ravel and Brahms. The orchestra rarely tours with a soloist, but Pletnev sometimes directs from the keyboard.

He says he has not worked consciously on the orchestra's sound. "It's like *bella voce* – you can't take the voice of Tebaldi and make it Callas. I take the resources I have. The principles of phrasing are more important than beauty of sound. In some cases the music should sound beautiful, in others it should be ugly. You can't play Mozart and Shostakovich with the same sound. I concentrate on the meaning and musical sense, and the sound develops out of that."

He paints a bleak picture of working conditions in Moscow. His orchestra has an office but cannot get a telephone line. It rehearses in a rented recreation hall, and has floated plans for a permanent home, to be financed by western investors as part of a commercial development. "But no-one will take responsibility for any decision. The bureaucrats say yes – they know it would look bad if they turned us down, but their only concern is to fix their own privileges. They think we won't be there tomorrow, so why should they do something that requires work?"

The neglect extends to the Moscow Conservatoire, where many of the great Russian musicians trained. "If I had the choice, I would close it tomorrow. There is no teaching staff, no atmosphere, no prestige, nothing. The professors earn less than a factory worker. Everything to do with art is being neglected."

Pletnev the serious musician and Pletnev the entrepreneur are ill-at-ease with each other

Peter Coleman-Wright: a strong baritone with presence in the title role — Alastair Muir

Opera/Richard Fairman

Musical tug-of-war in 'Don Giovanni'

If Leporello ever gets bored compiling the list of his master's amorous conquests, he might consider broadening his scope. As the arts struggle out of recession, there must be a market for a catalogue of ideas on how an opera company can seduce a new audience and revive its flaccid bank balance.

The problem for ENO is how to afford extra new productions at the time when money is at its lowest ebb. As a seasoned traveller, Leporello might recommend that productions borrow from elsewhere to save on costs; he might propose skimping on intellectual forethought, using cheap sets, cutting back rehearsal time or increasing the number of performances. If really desperate, the company could try the lot.

That is what English National Opera has done with its new *Don Giovanni*. The show has been borrowed from Flanders, is minimally thought-through, scrappily designed, woefully under-rehearsed and goes on for 18 more performances. At least the singers and conductor should get to know each other with practice. At the moment the performance proceeds like a musical tug-of-war, which conductor Markus Stenz is continually in danger of losing, as he slips and slides rapidly through the score.

The production need not detain us long. Guy Joosten from the Flanders Opera sets out with an idea about linking Don Giovanni with Caravaggio, but never lets on why. It would be easy to dismiss the unrelated ideas that follow as the usual second-hand producer's whims, but Joosten does have one saving grace, which is a sense of humour.

Mozart called *Don Giovanni* a "dramma giocoso" and, if nothing else, this is a production where the jocular gets equal billing. It helps that the translation is a sharp one, which never misses a good line, and there is an amusingly quirky Leporello to make sure they all get a laugh. Urban Malmberg plays the master's lackey as a young fogey, the sort of snivelling and servile creature that could have crept out of the pages of a Dickens novel – a real one-off, always entertaining.

Peter Coleman-Wright sang Don Giovanni the last time round and his youth, his strong baritone and presence still add up to an all-round recommendation. Penelope Walmsley-Clark as Donna Anna is casting of the stature that Mozart operas demand in a theatre the size of the London Coliseum. After strident sounds early on, often individual notes stitched together rather than real vocal lines, she rose to an eloquent account of "Non mi dir".

The rest of the cast put up less of a fight. Nerys Jones brings complex mezzo colours, some beautiful, some uneven, to the music of Zerlina and is partnered by a decent Masetto in Ashley Thorburn. Both Donna Elvira and Don Ottavio lose one aria in the Prague version that ENO is using, which matters more in the case of Janice Watson's promisingly-sung Elvira than it does with John Hudson's Ottavio (a shame that he had to find out he is not a Mozartian tenor in front of so many people). John Connell was the Commendatore. In the final scene he makes an unimpressive appearance in a cloud of dry ice.

Don Giovanni, who has earlier urinated on the Commendatore's grave and eaten a meal off his coffin, endeavours to welcome him to dinner, but is cut off by a giant Caravaggio hand, which descends from the ceiling. We are back where we started. If only Leporello's catalogue had been consulted. There are probably 1003 productions of *Don Giovanni* round Europe as worth having as this one.

Sponsored by Guinness plc; 18 further performances, ending May 25 (with changes of cast).

Theatre/Ian Shuttleworth

Independent State

A number of big names have coincidentally been attracted to venues in Battersea during the past year: Vanessa and Colin Redgrave attempted to make a going concern of the underused Bridge Lane space, Susan Hampshire appeared at BAC in January, and now Susannah York treads the decidedly intimate boards of the Grace Theatre, above The Latchmere pub, in a fizzily-written one-woman piece.

Mark Davies Markham's play follows Patti O'Brien, a London-Irish country music fan who, once widowed of her cheatin' man, goes to Nashville to seek her destiny, and darkly finds it.

Liverpudlian Markham has that Gaelic-once-removed facility with linguistic tricks and flourishes, and imbues his protagonist with the same ease. Patti's narrative jumps backward and forward between the recent past in Nashville, the excitement of courting as a teenager on the music club circuit of 1960s London and the terrors of her subsequent marriage. She recounts conversations on three levels at once – the words actually spoken, her imagined (but never uttered) acerbic witticisms and her more ephemeral dream scenario – without bewildering her audience. Periodically she delivers a verse or two of a C&W standard.

The script's looping structure, although adroitly executed must be a devil to learn, and no doubt contributed to York's occasional uneasiness on the press night. Also, York is not the most consummate singer. Often she does not have to be – she expertly conveys the embarrassment of Patti, rigid with fear on a Nashville stage, spewing out a number with clockwork jerks and painted smile – but the supposedly impressive songs fall sadly short.

Almost all these musical shortcomings, however, can be forgiven for one marvellous moment at which York, astride a chair backwards in her black spangly country mutton dressed as lamb mini, enacts Patti predatorily bedding a younger man to the relentless upbeat thud of Delta Dawn – the devil may not house all the best tunes, but he knows best what to do with them.

Throughout the show as a whole, York rides the audience like the pro she is: appealing directly to them in the bewildering opening minutes, thereafter addressing them as sympathetic confessors and friends. She gets on with the daunting business of driving a 100-minute solo show that would reduce lesser performers to the glassy-eyed puppets she occasionally parodies.

Independent State is not the kind of play that could, or is even intended to, transfer to a more sizeable house. It is a fine studio piece, is done justice by York's determined performance, and should go a long way towards re-establishing the Grace Theatre, after several years adrift, as a venue with a recognisable and coherent artistic policy.

At the Grace Theatre, London SW11, until April 2 (0171 2282620).

Burning Blue

Having suffered an horrific ordeal in life does not mean that you will be able to write a great play about it. *Burning Blue* at the King's Head, about an American naval pilot witch-hunted out of the service because of his sexuality, is based on writer D.M.W. Greer's own experiences. However moronic such a government policy may be, Greer does few favours to the campaign against it by peopling his play with characters who often struggle for two-dimensionality: the homophobe zealot investigator, his colleague who complains, "Aww man, I *always* play bad cop!", the farmboy pilot who against all odds shows most sympathy and acceptance . . . These are figures from an undistinguished American teleplay, not a stage work aiming to get under the skin of a situation.

Greer's structure, too, is televisual rather than theatrical. His constant intercutting of flashback scenes cued by remarks made during investigations leads to frequent awkwardness; Antony Edridge in particular, as protagonist Dano Lynch, finds he has to turn on a sixpence between scenes of oppressive interrogation and *Top Gun* jockery. Director John T. Hickok does his best to pull these transitions off, but it is a grindingly uphill struggle.

Edridge does a fine job in the central role, cultivating a quasi-Martin Sheen thousand-yard stare as events unfold around him. David Pullan as Special Agent Cokely, though, degenerates too far, too fast into a cardboard cut-out of an Aunt Sally, whose bigotry is equally clumsily countered by a handful of speeches which might as well have a neon "Author's Message" sign.

The play's pivotal relationship is that of Dano's – not with the fellow pilot whom he desires, but with his best friend Will. In the latter role Ian Fitzgibbon is consistently over-the-top. Dano and Will's ultimate reconciliation had no more emotional effect upon this reviewer than to produce several stifled giggles. The subject of sexual persecution in the forces deserves better than Greer's moral monochromatics. Too much caring, not enough crafting.

At the King's Head, London N1 until April 16 (0171 226 1916)

INTERNATIONAL ARTS GUIDE

■ BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01

● Lucia di Lammermoor: by Donizetti. Conducted by Marcello Viotti and produced by Filippo Sanjust; 7.30pm; Mar 22

● Ring um den Ring: by Wagner. Ballet based on "The Ring Cycle", choreographed by Maurice Béjart; 7pm; Mar 18, 21

● The Girl of the Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George Fortune; 7pm; Mar 19, 23

■ FRANKFURT

CONCERTS

Alte Oper Tel: (069) 1340 400

● Chamber Orchestra of Europe: with pianist Gerhard Oppitz. Iván Fischer conducts Stravinsky and Beethoven; 8pm; Mar 21

● Frankfurt Opera House and Museum Orchestra: Jia Lü conducts Hindemith and Beethoven; 8pm; Mar 19 (11pm), 20

● Radio Symphony Orchestra Frankfurt: with pianist Tzimon Barto. Dimitrij Kitajenko conducts Ravel, Gershwin and Mussorgsky; 8pm; Mar 17

● South Western Radio Orchestra: with mezzo-soprano Vesselina Kasarova and tenor Zoran Todorovich. Peter Falk conducts a variety of operatic pieces; 8pm; Mar 22

■ LONDON

CONCERTS

Barbican Tel: (0171) 638 8891

● Mahler Festival: this concert opens the second part of Michael Tilson Thomas' Mahler Festival, the highlight of his final season as the principle conductor of the LSO. This performance includes the UK premiere of Scnittke's 'Concerto Grosso No.5'; 7.30pm; Mar 22

● The Magic of Mackerras: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and cellist Steven Isserlis to play Dvořák; 7.30pm; Mar 17

● The Magic of Mackerras: Sir Charles Mackerras conducts the Royal Philharmonic Orchestra and violinist Tasmin Little to play Dvořák, Janáček and Martinu; 7.30pm; Mar 17

Festival Hall Tel: (0171) 928 8800

● City of Birmingham Symphony Orchestra: Sir Simon Rattle conducts Britten, Schoenberg and Shostakovich; 7.30pm; Mar 23

● Cologne Radio Symphony Orchestra: with pianist Lars Vogt. Hans Vonk conducts Beethoven and Bruckner; 7.30pm; Mar 20

● Royal Philharmonic Orchestra: with pianist Yefim Bronfman and conductor Vladimir Ashkenazy plays Bartók and Shostakovich; 7.30pm; Mar 21

● The Bach Choir: with the City of London Sinfonia and conductor Sir David Willcocks plays Kodály, Szymanowski and Janáček; 7.30pm; Mar 18

Queen Elizabeth Hall Tel: (0171) 928 8800

● Deutsche Kammerphilharmonie: Mikhail Pletnev conducts Haydn and Mozart; 7.45pm; Mar 18, 19

● London Sinfonietta: Sir Simon Rattle conducts Poulenc's "Les Mamells de Tirésias" and Boulez's "Le Soleil des Eaux". Soloists include Lucy Shelton, Barbara Bonney and Phillip Langridge; 7.45pm; Mar 17

GALLERIES

Victoria and Albert Tel: (0171) 938 8500

● Warworks: women photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

● Don Giovanni: a new production of Mozart's opera. In house debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 17, 23

● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 18, 22

Royal Opera House Tel: (0171) 304 4000

● Giselle: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30pm; Mar 17, 21

● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 18

THEATRE

National, Olivier Tel: (0171) 928 2252

● Women of Troy: by Euripides, translated by Kenneth McLeish and directed by Annie Castledine; 7.15pm; Mar 17, 18, 20

Vaudeville Tel: (0171) 836 9987

● Killer Joe: by Tracy Letts, directed by Wilson Milam; 8pm; (Not Sun)

■ NEW YORK

CONCERTS

Alice Tully Hall Tel: (212) 875 5050

● Stuttgart Chamber Orchestra: Dennis Russell Davies conducts Diamond, Shostakovich/Barshai and Glass; 2pm; Mar 19

Avery Fisher Tel: (212) 875 5030

● New York Philharmonic: with soprano Gillian Webster. Sir Colin Davis conducts Mozart and Mahler; 8pm; Mar 17 (2pm), 18, 21 (7.30pm)

● New York Philharmonic: Sir Colin Davis conducts an all Sibelius programme; 8pm; Mar 23

Carnegie Hall Tel: (212) 247 7800

● Kiri Te Kanawa: and pianist James Levine perform their only New York recital of the season; 3pm; Mar 19

OPERA/BALLET

Metropolitan Tel: (212) 362 6000

● Idomeneo: by Mozart. Produced by Jean Pierre Ponnelle, conducted by James Levine; 8pm; Mar 18

● La Bohème: by Puccini. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 18 (1.30pm)

● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 17, 20

● Pelléas et Mélisande: by Debussy. A new production by Jonathan Miller. Conducted by James Levine; 8pm; Mar 23

● Tosca: by Puccini; 8pm; Mar 22

THEATRE

Roundabout Theatre Company Tel: (212) 869 8400

● The School for Husbands/ The Imaginary Cuckold: by Molière. Michael Langham directs Richard Wilbur's translation and stars Brian Bedford; 8pm; to Mar 17 (Not Mon)

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 49 52 50 50

● National Orchestra of France: with baritone Boris Martinovic and pianist Michel Béroff. Victor Puhl conducts Mozart, Mussorgsky and Prokofiev; 8.30pm; Mar 23

● Samuel Ramey: bass and pianist Warren Jones open the Sony Classical Series; 8.30pm; Mar 18

● The Royal Chapel Vocal College of Ghent: with soprano Sibylla Rubens and tenor Christoph Prégardien. Philipe Herreweghe conducts Bach; 8.30pm; Mar 19

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● Chamber Music: with violinists Fréderic Laroque, alto Jean-Claude Dewaele and counterbass Thierry Barbé from the Orchestra of the National Opera. The programme includes Bach, Teleman and Mozart; 8pm; Mar 21

GALLERIES

Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27

● André Derain: 350 works spanning his entire career; to Mar 19 (Not Mon)

Musée Du Petit Palais Tel: (1) 42 65 12 73

● Carthage: history, its impact and resonance; to Jul 2

OPERA/BALLET

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● Magnificant: music by Bach, choreography by John Neumeier. Gunther/Rainer Muhlbach directs this production presented by the Ballet of the National Opera of Paris; 7.30pm; Mar 17, 18

● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël. Soloists include Gegam Grigorian and Gaetan Laperriere; 7.30pm; Mar 20, 23

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● National Symphony Orchestra: with violinist Robert McDuffie and organist William Neil. James Paul conducts Berlioz, Bernstein and Saint-Saëns; 8.30pm; Mar 23

● Stuttgart Chamber Orchestra: Dennis Russell Davies conducts Mozart, Schnittke, Britten and Boccherini; 7.30pm; Mar 20

GALLERIES

National Gallery Tel: (202) 737 4215

● Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the cathedrals of Florence, Pavia and St. Peter's; to Mar 19

OPERA/BALLET

Washington Opera Tel: (202) 416 7800

● Tiefland: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown;8pm; Mar 18 (7pm), 23

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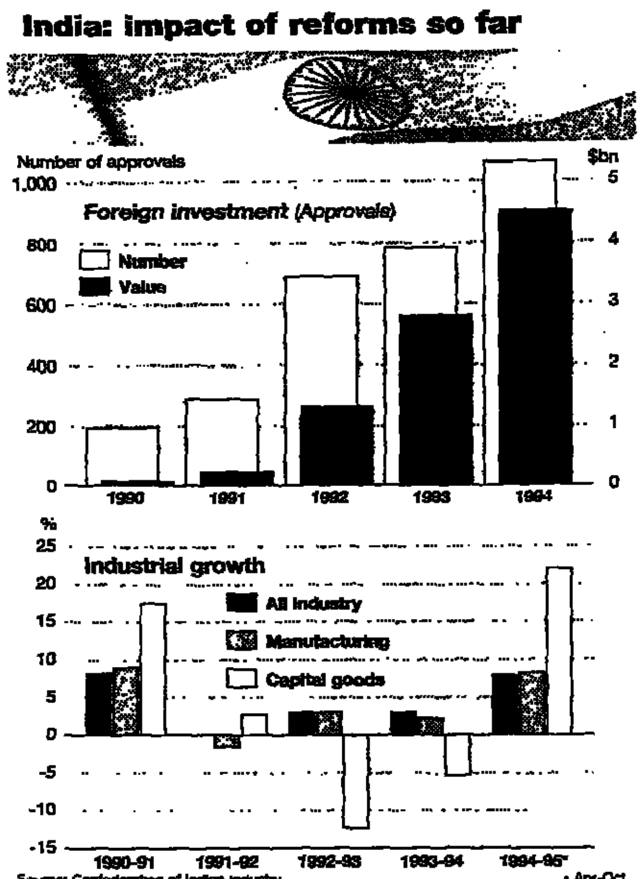
Strategy for popularity

Peter Montagnon and Mark Nicholson on doubts over India's commitment to deeper reforms

India: impact of reforms so far



Source: Confederation of Indian Industry * Apr-Oct

The trouble with India's economic reforms has always been their lack of appeal to the poor who make up the bulk of its population. This week's budget, with its emphasis on rural support programmes and welfare spending, finally made that point explicit.

After a series of defeats in state elections, the government of Mr P.V. Narasimha Rao is trying to claw back popularity with policies designed to appeal to the mass of voters who have so far seen little or no benefit from the reform programme instituted in 1991.

But the budget, which forecasts a deficit of 5.5 per cent of gross domestic product, has raised doubts over the government's commitment to deeper economic reforms. The assumption among many observers is that the process may now be stalled, at least until after next year's general election.

This is not the way the government is seeking to portray things. "India is on the threshold of unprecedented opportunities, provided we have the wisdom to seize them," Mr Manmohan Singh, finance minister, said on Wednesday.

For Mr Montek Singh Ahluwalia, finance secretary, the budget had two compatible aims: "We want to promote reforms on one hand and we want to strengthen the anti-poverty strategy on the other."

The short-term impact of the budget may be small. India's economy is growing strongly, with growth of about 6 per cent in the fiscal year starting in April, compared with 5.3 per cent this year. The budget assumes inflation will decline to about 8 per cent a year. Hopes on this score were boosted by yesterday's figures showing a drop in the annual rate of wholesale price rises to 10.5 per cent.

But two questions remain for the medium term. Is the government doing enough to cut the fiscal deficit? And was the further round of tariff and excise duty cuts enough to convince the outside world that the reform process is on track?

For many economists, the size of the fiscal deficit is the greatest worry. The World Bank cautioned last year that the central government deficit "could endanger India's economic prospects" unless decisive steps were taken to cut it.

Mr Ahluwalia believes that the modest cut in the deficit envisaged this year – from 6.7 per cent of GDP to 5.5 per cent – coupled with the price impact of the duty cuts will be sufficient to reduce inflation.

Provided industrial output manages to grow at about 10 per cent a year, he says, the government should have little difficulty meeting its revenue targets. It can thus afford to increase spending because of the measures it has taken to streamline and enhance tax collection. These measures will cut the deficit in years to come without significant new taxes or spending cuts.

Mr Ashok Desai, a leading economic commentator, sees the buoyancy of fiscal revenues in the current year as a sign of a deeper malaise, however. Revenues rose 18 per cent in the first 8 months of the current fiscal year, sufficient to reduce the budget deficit to a mere 4.5 per cent of GDP. Mr Desai accuses the finance minister of allowing "spendthrifts in the government to fritter away" the extra receipts. Given the strength of the government's revenues, the fiscal deficit is "appalling", he says.

A weakness of fiscal policy, according to other observers, is the way the government has cut capital outlays to boost consumption spending. Not only is this risky when the interest burden – which now accounts for more than half of revenues – is rising. It also reflects the poor record of the reforms in generating investment.

Mr Dhruv Sawhney, chairman of Triveni Engineering Works, says: "There don't seem to be any measures to increase investment in production to relieve specific shortages."

Contrary to some expectations, Mr Singh took no steps to extend the deregulation of financial markets, and the controversial issue of liberalising the insurance market was fudged. All Mr Singh promised was legislation to establish an independent regulator for the industry.

With the election coming next year, it may have been too much to expect bold steps. And once they had got over their disappointment at Mr Singh's failure to cut corporation tax, the consensus among the business community was that this was inevitably a pre-election budget, many seeing the tariff and excise cuts as a signal that reforms will continue.

Whether the momentum will resume after the election is another matter. Given the weak standing of Congress in the polls and uncertainty over the implementation of proposed new welfare spending, the response of voters to the spending increases is unpredictable.

"The anti-poverty measures are politically expedient and not financially prudent," says Mr N. Vagul, chairman of the ICICI financial services group.

All that Congress knows with certainty is that economic reform alone is not a vote winner. And continuing the reform process would require tackling some controversial measures, such as liberalisation of consumer goods imports.

"There is a belief in India that they could stop making further reforms and they would continue having perfectly adequate growth," says Mr Christopher Vermont, a director of ANZ Grindlays. "Why go through the social turmoil of more radical measures." But he adds: "What more do a lot of foreign investors want? The investment climate is really quite good."

The answer for India's reformers, and for foreign investors too, is an economic growth rate much closer to 10 per cent than the levels which India now achieves. Only by making higher growth sustainable will India be able to make inroads into poverty and raise its meagre $320 a year output per head.

The crisis of 1991 that launched the reforms of the past four years created an opportunity to do so. The fate of reform will not be clear until after the election, but this week's budget could be a sign that the opportunity is slipping away.

Philip Stephens

St Patrick's day danger

No doubt conspiracy theorists will see this week's transatlantic spat over Gerry Adams as an ingenious plot. Think of it this way. John Major and Bill Clinton both want the IRA to begin giving up its weapons. That is the next essential step to entrench the ceasefire in Northern Ireland. Mr Clinton invites the Sinn Féin president to the White House. He allows him to start raising funds among Irish Americans. Mr Major feigns horror. Like an angry spouse, he even refuses to take a kiss-and-make-up telephone call. Mr Clinton, anxious to avoid divorce, turns the heat on Mr Adams. A week of so later Sinn Féin offers to talk seriously about decommissioning. A truck-load of Semtex explosive – unprimed – turns up overnight outside an army barracks. British ministers agree to participate in the talks in Belfast with Sinn Féin. Peace is back on track; and all fixed up on St Patrick's day at the White House.

It's neat. It is even possible that happy accident might yet take us to the same destination. If it does, and let's hope so, Mr Clinton will claim the credit for a brave initiative. Mr Major will say that his pressure on Washington did the trick. Sadly, the conspiracy theory does not stack up with reality. The row over how best to manage the next, most delicate, stage in Sinn Féin's passage from terrorism to politics was serious; and dangerous. It has illuminated the precarious nature of the quest for a permanent peace; and shown the capacity of the Clinton administration to destabilise a process it does not understand.

Sensible people will not be fussed at the damage the episode is said to have done to what a handful of politicians still call the special relationship. We know that president and prime minister do not get on too well. It is partly a matter of personal chemistry, partly a question of lingering White House resentment over the Conservatives' ill-judged assistance for George Bush in the 1992 presidential campaign.

More fundamentally, Britain's strategic importance has been much diminished by the end of the cold war. The cultural and linguistic ties which make the British feel comfortable with Americans, and vice versa, speak for themselves. Strong institutional links, especially in defence and security, will survive more than the odd setback. But the foundations of the relationship have been cracking ever since the Berlin Wall came down. The US no longer needs its floating aircraft carrier anchored off the coast of continental Europe. Add to that a mood of neo-isolationism on Capitol Hill and the shift in the economic centre of gravity towards the Pacific and it is no surprise that hurt feelings in London do not cause much of a stir in Washington.

The Adams row has shown the precarious nature of the peace process, as well as the capacity of the US administration to destabilise it

For the British, all this is painful. It involves a degree of self-recognition which we have spent most of the past 50 years trying to escape. The same unwillingness to come to terms with our loss of influence on the international stage nurtures the nationalist virus infecting sections of the Conservative party. A respectable, even a distinctive, voice in world affairs is not quite the same as empire.

An appropriate level of humility does not require us, however, to applaud a perspective on Northern Ireland shaped by Mr Clinton's less than impressive poll ratings. This British government does not do many things well. Its handling of Northern Ireland is a conspicuous exception.

The present position in the province is stable but brittle. There seems no immediate prospect of a return to violence either by the IRA or by the loyalist paramilitaries. But the publication last month of the framework document for a political settlement has slowed the momentum. Thankfully, the unionist majority has ignored the advice of its mainstream political representatives to dismiss the document out of hand as a blueprint for a united Ireland. The loyalist parties, displaying an imagination absent among an older generation of unionist leaders at Westminster, have helped keep the process alive. But the equilibrium is fragile. Fêting Sinn Féin risks giving spurious credibility to the rage of Ian Paisley, Democratic Unionist party leader, and the like.

As for the IRA, its leadership is content for the moment to allow Mr Adams to strut the political stage. The hawks, and there are still plenty, are biding their time. But IRA commanders are worried about the degradation of their military capability. The ceasefire has lost the IRA its passive support on the fringes of Republicanism. Crucially, it is short of money. It has run out of the funds needed to pay the scores of fixers and helpers which sustain its military infrastructure.

Then there are the talks with British officials. There has not been a meeting for several weeks. Mr Adams has instead campaigned to upgrade the contacts to include a British minister. The truth is that there is not much more ground for the two sides to cover in their preliminary agenda. Sinn Féin knows the talks have reached a critical juncture. It no longer pretends in its contacts with the British that it has nothing to do with the IRA. One of its senior military commanders has sat in, silently, on the talks. Mr Adams knows he cannot avoid much longer facing up to the arms issue. Waffle about the complete demilitarisation of the island of Ireland has passed its sell-by date.

That was the assessment – of a precarious balance in the unionist community and of building pressure on Mr Adams – behind Mr Major's anger with Mr Clinton. Further rewards for Sinn Féin should await real progress on arms. Personally, I think too much noise was made about the invitation to Mr Adams to attend today's White House reception.

It is irritating to see Mr Adams fêted as the leader of Irish nationalism. I wonder whether Donald Trump and Bianca Jagger, guests at one of this week's $300-a-head fund-raising dinners, know what share of the vote Sinn Féin wins in Irish elections. For the record it is 10 per cent in Northern Ireland and 1.6 – yes, 1.6 – per cent in the Republic. Still, it is probably too much to ask the White House to pay much attention to such electoral niceties.

The decision to allow Sinn Féin to start fund-raising in the US is of a different order. By easing the IRA's financial crisis, it may reduce the pressure on Sinn Féin to offer signals of good intent on its weapons arsenal. The White House was opposed by Warren Christopher, the secretary of state, by the US Justice department and by the Federal Bureau of Investigation. US officials have not bothered to deny that the overriding factor for Mr Clinton was political. He was under intense pressure from Senator Edward Kennedy. To have a chance of making it to a second presidential term he needs Irish American votes.

The dangers are obvious. Well-meaning Irish Americans, along with followers, like Mr Trump, of New York political fashion, may write large cheques for Sinn Féin. The IRA has stopped killing people but, until it disposes of its arsenal, it is keeping open the option of a resumption of terrorism. The idea that such funds will be carefully audited is risible. What counts is how the money is spent in Belfast and Armagh, not how it is raised in the US. Mr Clinton's own security advisers told him that. The other risk is that unionist opinion will harden against a political settlement and, by implication, conclude the price of the ceasefire is too high. Peace in Northern Ireland will be sustained only if there is parity of esteem for unionist and nationalist traditions.

If this week's row has clarified that truth, it will have done some good. In the meantime, Sinn Féin's admirers in Washington might reflect on the quality a famous bishop brought to Irish Christianity during the 5th century. St Patrick was conscious always of his imperfect understanding.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). *Translation may be available for letters written in the main International languages.*

World Bank anticipated devaluation

From Mr Olivier Lafourcade and Mr Jean Louis Sarbib.

Sir, Your report, "Cost of CFA devaluation" (February 24) on a conference in Geneva concerning the results of the CFA franc devaluation of January included the claim by Dr Michel Jancloes of the World Health Organisation that there was "no preparation at all" for the social impact of the devaluation on the part of the World Bank.

This is quite simply inaccurate. Prior to the devaluation the bank undertook extensive studies of its potential social consequences, and a large number of country-specific measures – constituting a social safety net – were set in motion once it took place.

Where pharmaceuticals are concerned, the bank – in collaboration with a number of donors, including the sponsors of the Geneva conference, Unesco and the World Health Organisation – moved quickly following the devaluation to implement a co-ordinated set of measures with the aim of keeping basic medicinal drugs available to the poor.

To absorb the anticipated short-term price increase, the bank successfully urged CFA zone governments to freeze the prices of drugs distributed through the public sector at pre-devaluation levels (with subsidies from the bank to help cover losses thus incurred), while limiting price increases made by private drug distributors. These were stop-gap measures, necessary to protect the poor in the immediate aftermath of devaluation.

The bank has worked with franc zone governments to promote and increase the availability and use of generic drugs, and to introduce greater competition into procurement. Today, the unsubsidised cost of generic drugs is still several times cheaper than the cost of brand name drugs before the devaluation.

Olivier Lafourcade, *director, Central-Western Africa Department,*
Jean Louis Sarbib, *director, Western Africa department, The World Bank, 1818 H Street NW, Washington, DC 20433, US*

Canada right to 'legal self help'

From Mr A.H. Hermann.

Sir, The consternation at Canada's taking the law in its own hands to enforce against Spain the international prohibition of overfishing in the open seas on, which Newfoundland fishermen depend for their livelihood, ill becomes the European commission ("EU freezes links with Canada over trawler seizure", March 14). For it was the (then) EEC Commission which introduced the device of "legal self-help" into international business.

It did so in the case of American Home Products (AHP) v Centrafarm, where Centrafarm, a parallel importer, was accused of infringing deliberately Dutch trademark law by re-packing and re-selling under the locally used trade mark of AHP a medicine which, with slight variation of its non-therapeutic components, AHP sold for a lower price under a different trademark in another member state. The commission took the stand that where the manufacturer attempts in this way to "partition" the Common Market, the parallel importer is entitled to take the law into his own hands.

The European Court's judgment in this case (number 3/78, Recueil MDNM1978, p.1823) implies an approval of this novel doctrine, according to which those who deliberately "partition" the Common Market, for example by using different trademarks for different member countries, should be seen as outlaws against whom competitors are allowed to take the law into their own hands by ignoring their trademark rights.

A.H. Hermann,
14, Fawley Road, London NW6 1SH, UK

Sloppy way of thinking on matching roads to cars

From Mr Robert Z. Brooke.

Sir, Is it not funny how Britain rejoices over the prospect of large numbers of new cars being built in the UK ("Rise in UK spending planned by three big carmakers", March 15), but wails and gnashes its teeth at the idea of building roads? Let's be generous. Let's not call it hypocrisy. Let's call it sloppy thinking that appreciates the economic value of a strong high value-added manufacturing sector, but rails against investment in the most flexible form of transport infrastructure.

One further thought. Just imagine for a second what kind of transport system we might have if the pace of change in car quality or car manufacturing had been matched by road or railway operators. Roll on increasing competition in transport provision.

Robert Z. Brooke,
managing director, Brooke Research, 52 Priory Road, Chiswick, London W4 5JA, UK

Time to quantify evidence justifying executive pay

From Professor J.F. Lamb.

Sir, I and others have conducted the campaign over the levels of executive pay on the basis of "fairness" and whether the value added by executives justifies their enormous pay hikes. It was therefore of great interest to read an account of an insider ("Opinions on pay provoke positive reaction", March 14).

In seeking to justify the levels of executive pay, Alasdair Simpson makes two qualitative points: that many managers have in the past sought "greener pastures abroad" and "there is a shortage of top managers" in the UK. It would greatly help public discussion if he, or someone else, could quantify these points.

How many managers went abroad, where did they go and why? In my own field of science, about 25 per cent of new fellows of the Royal Society now work abroad and whole departments in the US are staffed by Brits. Is there similar evidence for business? If not, why not? A staff contributor to the FT stated that there are perhaps 10,000 people in the UK who could run British Gas or other utilities. If this is so, it does not suggest a lack of "top talent". Was he correct?

Mr Michael Heseltine, the trade and industry secretary, stated that allowing shareholders to vote on executive pay would deter top managers from coming to the UK. I wrote to ask him for his evidence. The reply indicated he had none.

J.F. Lamb,
Kenbrae, 23 Millbank, Cupar, Fife KY15 5DP, UK

Training is vital to City's status

From Mr Graham Ross Russell.

Sir, I welcome the City Research Project's final report ("Still growing after all these years", March 13). It will stimulate debate and action leading to a further strengthening of London's competitive position.

More should have been made, however, of the vital part played by training in maintaining the professional competence of individuals and creating a sizeable pool of talent for businesses to draw on.

The availability of good training is essential for the City's continuing pre-eminence.

Nor must we overlook the need for a sound reputation for square dealing and integrity. The events of the past few weeks serve to demonstrate this and emphasise the need for both the highest ethical and technical standards.

The Securities Institute exists to promote these values. It is a professional organisation for those willing to make a commitment to high standards, and it offers the means of attaining these through the provision of exams and training.

We strongly support all action which reinforces London's competitive position.

Graham Ross Russell,
chairman, Securities Institute, Centurion House, 24 Monument Street, London EC3R 8AJ, UK

FINANCIAL TIMES

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A small step for Italy

Mr Lamberto Dino's narrow victory yesterday in two crucial votes in the Italian Chamber of Deputies ensures that his government lives to fight another day. The prime minister's belated success shows, once again, the financial markets' powers of persuasion. But the dallying of recent months has imposed a heavy price.

When Mr Dini took office in January, his L20,000bn (£7.5bn) budget package was the *minimum* required to keep the public finances on a sustainable course in 1995. If the mini-budget passes a second Senate vote next week, a debt crisis is far less likely. Yet the odds have only improved a little. It was clear from October of last year that the budget was destined to overshoot. One government, led by Mr Silvio Berlusconi, did nothing. Another, lacking a clear parliamentary base, has achieved a meagre reform, but only by risking everything in a vote of confidence.

This behaviour has fuelled a collapse in investors' confidence which may prove difficult to reverse. In the short term, the budgetary effects of the tumbling lira and rising interest rates more than cancel out Mr Dini's efforts. Higher interest rates mean that the cost of servicing Italy's government debt will rise by at least L60,000bn, or 40 per cent in 1995. Even without a further rise in interest rates, the events of the past few months would see the 1995 budget deficit rising to nearly 10½ per cent of GDP from last year's 9.9 per cent.

Justified action

The business community grumbled when the Bank of Italy raised interest rates by ¾ of a percentage point last month, to 8.25 per cent. But February's sharp rise in consumer price inflation, from 3.8 per cent to 4.3 per cent, indicated that the action was entirely justified. Unfortunately, interest rates will probably rise still further in the next few months.

Trade union wage restraint has helped keep the lid on inflation during the recovery so far. But over the past six months, input price increases have been feeding through to retailers. The relatively benign inflationary consequences of the lira's much larger devaluation in 1992 are also less likely to be repeated now that the economy is close to the peak of the economic cycle.

Against this background, the nearly 10 per cent fall in the trade-weighted, exchange-rate index over the past month will almost certainly force the central bank to tighten monetary policy further. A further 1 percentage point rise in interest rates would push the budget deficit up to about 11½ per cent in 1995, with public debt rising to 124 per cent of GDP.

Structural reform

Even investors most disillusioned by the recent performance of the Italian body politic are unlikely to wait for a comprehensive solution to the country's budgetary woes, before returning to the market. But they will want evidence of a political consensus in favour of structural reform.

Early action on pension reform, which Mr Dini has promised, would be a positive signal. But Mr Dini's narrow success yesterday shows the difficulties he will face in achieving this, the most politically sensitive item in the budget. As before, the prime minister's scope for action will be constrained by the ever-present threat of a general election. Mr Berlusconi failed to force an early election yesterday, but he is unlikely to give up.

A June election would impose a damaging delay in agreeing the 1996 budget, since it is likely to be at least two months before a new government would be able to draw up its plans. But even if Mr Dini survives until the autumn, he is unlikely to hold on to power much after that. That would inevitably put a question mark over the 1996 budget. A majority of Italian parliamentarians, some of them crossing party lines, showed yesterday that they did not wish to confirm investors' current low estimations of their willingness to take action.

But the uncertainty surrounding the future of the Dini government and the likely behaviour of any future government mean that the occasional, forced step back from the brink may no longer be enough. The fall in the lira and Italian bond market decline are the costs of that uncertainty. For all the relief of yesterday's victory, Italy has not shown that it is able to do what is needed to lower those costs.

Europe looks to Japan

Relations between Europe and Japan have long been the weakest of the links between the world's three main economic powers, lacking both the depth and breadth of the relationship which each has with the US. For much of the past 20 years, dialogue between Europe and Japan has been intermittent, confined to a narrow range of trade and economic issues, and often conducted more in a spirit of confrontation than of co-operation.

The European Commission's efforts to lay the basis for a more mature and constructive relationship with Japan, set out in a recent policy statement, are therefore to be welcomed. To a large extent, the document is a formal recognition that many of the assumptions which have long shaped European attitudes are already being overtaken by events.

As the statement notes, some important sources of past friction are diminishing. On the European side, hostility towards Japanese inward investment has largely evaporated, while the bilateral trade deficit, though substantial, is shrinking steadily as the strong yen boosts Japan's imports and cuts its exports. On the Japanese side, recent political and economic changes have led to more vocal consumers, structural upheavals in industry and increased emphasis on deregulation.

Low-key approach

While these developments offer opportunities for a more fruitful dialogue, it is less clear what it should consist of. At the economic level, the Commission makes much of its low-key recent approach to bilateral trade disputes, which it contrasts with US bullying tactics and threats of unilateral trade sanctions. But this may simply reflect the fact that the EU carries smaller sticks than the US. It is not obvious that, by talking quietly, Europe's trade negotiators have achieved superior results. Furthermore, Brussels has raised doubts about the sincerity of its commitment to a kinder, gentler, relationship by warning Japan that it would jeopardise that objective if it spurned EU demands to speed up domestic deregulation.

The EU's policies, and its criticisms of American tactics, would carry more conviction if it placed its own relations with Japan more firmly in a multilateral framework. Both sides have a strong interest in an open world trade system and could do much to promote it by working more closely to ensure the success of the World Trade Organisation. Such co-operation could also reduce bilateral conflicts provide an additional incentive for both to pursue liberal trade policies.

Political dialogue

How far the two can enlarge their political dialogue, as the Commission proposes, is much more debatable. The EU's external writ is mostly restricted to trade issues, and Europe lacks the institutional framework which would be needed to sustain a much broader relationship. Furthermore, Europe's political and economic profile in Japan and the rest of Asia is extremely modest, and its stake in regional security non-existent.

Meanwhile, the same reasons why Japan enjoys much stronger bonds with the US limit its capacity to expand rapidly its relations with Europe – or indeed other countries. In effect, Tokyo has for the past 50 years contracted stewardship of its foreign policy to Washington, in return for US guarantees to underwrite its national security and that of the Asian region. Japan remains deeply reluctant to change this arrangement, still less to assume the responsibilities of a geo-political role commensurate with its economic power.

Admittedly, Japan has recently shown signs of more independent thinking, notably in its relations with the rest of Asia. It is also seeking a permanent seat on the UN Security Council. But such ambitions are being pursued cautiously, and Japan remains wary of any action which risks incurring American displeasure.

As a consequence, the scope for broadening Japan's political relationship with Europe seems limited, and any progress is likely to be made in small steps. That may eventually yield some worthwhile results. Meanwhile, the priority should be for them both to seek constructive initiatives in the sphere of trade.

Russian president Boris Yeltsin is reasserting his authority, say **Bruce Clark** and **Chrystia Freeland**

Still master of the Kremlin

Many a Russian ruler since the Middle Ages has resorted to the same, disturbing technique to remind his subjects how indispensable he is: slipping briefly and mysteriously out of sight only to come storming back, with greater self-confidence than ever, when the moment is right.

After a winter of uncertainty about who was in control of the Kremlin, Boris Nikolayevich Yeltsin is making one of his storming returns. He is reaffirming Russia's commitment to economic reform; its desire to mend fences with the US; and above all, his own central role in both those enterprises.

That was the message the Russian president drove home yesterday to foreign journalists. They were brought to Russia with a speed and efficiency that made them feel someone in the Kremlin wanted to speak to them very badly.

The man who greeted his guests was animated, alert, full of the rough charm which has captivated Russian voters and disarmed foreign statesmen. Like many of the Russian leaders who have imposed their will, he is by turns severe and indulgent, frightening and full of whimsical generosity.

Twice he selected a look of fury from his vast repertoire of facial expressions. One of those moments came when Mr Yeltsin was asked whether it was true – as distinguished Russian newspapers such as Izvestia have reported – that members of the presidential guard were interfering in the economy.

"All of the important decisions are taken by the president," Mr Yeltsin insisted. This was an affirmation that, in spite of the increasingly Byzantine nature of Kremlin policy-making, he remains the ultimate source of authority.

Within Russia, that presidential authority has recently been cast into some doubt by the growing influence of Mr Yeltsin's personal guard; its leader, General Alexander Korzhakov, has been compared by some Russian observers with Rasputin, the shadowy monk who held Russia's last tsar in his thrall.

But Mr Yeltsin angrily insisted that "the guard protects him [the president] from terrorists, it does not interfere in the economy". The economy, he said, "is none of its [the presidential guard's] business".

Mr Yeltsin, who has sometimes appeared to be at one remove from Russia's economic affairs, declared: "There are no questions of reform which are outside the purview of the president."

Over the past few months, as the Russian government has pushed its 1995 budget through parliament and negotiated a deal with the International Monetary Fund, Mr Yeltsin has often seemed a distant third behind Mr Victor Chernomyrdin, the prime minister, and Mr Anatoly Chubais, the reformist deputy prime minister, in the making of economic policy. But yesterday Mr Yeltsin painted a very different picture of Russia's decision-making process.

"Every Tuesday, Chernomyrdin and I meet at my office and we define the fundamental questions of reform," Mr Yeltsin said. "Nobody, neither the prime minister, nor deputy prime ministers nor anyone in the presidential apparatus can change those decisions."

And the substance of those presidentially driven decisions, Mr Yeltsin said, is a determination to implement tough economic reforms. "I decided to pursue a stricter financial policy this year, and we will pursue it," Mr Yeltsin said, pointing to his decision to veto a law which would have more than doubled the minimum wage and broken the budget as evidence of his commitment to fiscal and monetary austerity.

In comments which recalled the early days of his presidency, when Mr Yeltsin was the clear leader of Russia's first effort to build a market economy, he said that "the main thing we have achieved is that people who for 75 years did not know what private property is and lived under a totalitarian regime have begun to understand what the market is".

Mr Yeltsin conceded that the reform efforts have not yet met with total success or full public support. "Of course, the mood of the people varies," he said. "Whoever has a good income has a good mood and whoever has less income is in a bad mood." But Mr Yeltsin appeared confident that market forces would prevail. "People now have a very strong stake in making production efficient so that their incomes will rise," he said.

And thanks to this new link between personal incomes and economic efficiency Mr Yeltsin said that this year, "we are certain of getting past the peak of the crisis". He promised that inflation, running at 11 per cent in February, would be down to 1 per cent or 2 per cent a month by the end of the year.

Apart from rumours about the interference in the economy by his guards, the other subject which prompts a look of fury from Mr Yeltsin is Mr Dzhokhar Dudayev, leader of the self-proclaimed Chechen republic. Asked if he could ever contemplate meeting Mr Dudayev, he said: "I have no intention of meeting Dudayev because he is a bandit who ought to be tried for having annihilated so many of his own people . . . He has assembled the criminal world around him and gathered money all over the world to organise a rebellion in Russia, so he must at a minimum be put on trial."

But furious wrath – the wrath that has claimed thousands of civilian lives, and left much of the Chechen city of Grozny in ruins – is only one of the faces that Moscow is showing as it struggles to assert its authority in the north Caucasus mountains.

Russian officials say considerable effort is being devoted to winning Chechen hearts and minds and setting up local government structures loyal to Moscow.

"Negotiations are intensifying with the [Chechen] elders, with town and district representatives. A Chechen government has been organised and a timetable has been set for elections," Mr Yeltsin said. He added: "We understand that until elections are held in a democratic way, we will not convince the world that the situation in Chechnya is democratic and that human rights are not being violated."

Whether he is dealing with friends or enemies, Mr Yeltsin gives the impression of being someone who takes things very personally. While praising Mr Bill Clinton, US president, for his "understanding" attitude to the Chechen war, he singled out Mr Helmut Kohl, German chancellor, as the foreign statesman with whom he had the closest ties. "Of all the world leaders, my most frequent telephone conversations are with Helmut Kohl. Hardly a week passes without us having a conversation," he says. "We are friends."

He also singles out Hungary as the country in central Europe with which Russia has particularly good relations, although the terms of his compliment may cause some embarrassment in Budapest. He said he recently told Mr Gyula Horn, Hungary's prime minister, that "things are calm between you and ourselves." This was because in central Europe "some people are orienting themselves towards the west and some people are orienting themselves towards Russia" and Hungary was viewed in Moscow as having made the latter choice. "Hungary is orienting itself more to Russia because its entire economy is built on Russian technology," Mr Yeltsin said.

The president confirmed that an exchange of letters on the subject of European security between himself and Mr Clinton was being planned. But the content of those letters – and the terms on which Russia might be reconciled to the idea of Nato enlargement – remain a mystery. By stressing that he was against the "sudden, large-scale" expansion of the Atlantic alliance, Mr Yeltsin left tantalisingly open the possibility that some other formula for Nato enlargement might be acceptable.

Western officials believe that Russia might be soothed by assurances that newcomers to Nato will not play host in peacetime to nuclear weapons or foreign troops. Those conditions are viewed in the west as unacceptable as they stand, but a reasonable basis for negotiations. But Mr Yeltsin is too skilled to put all his cards on the table at once. Even as he clarifies his position on the economy, and his role as master of the Kremlin, the president is determined to keep the world guessing about some of his intentions.

Headline Photo Agency

President Boris Yeltsin: ***storming back with plenty of self-confidence***

Why it's time to net the culprits

PERSONAL VIEW

The full extent of illegal fishing practices perpetrated by Spanish and Portuguese vessels in the north-west Atlantic is not widely appreciated. Out of 44 Spanish vessels active on the Grand Banks off Newfoundland in eastern Canada, 36 have been issued with citations over the past four years. Their offences included misreporting catches, using illegal nets and net linings and retaining under-age fish.

One of the most destructive of these practices is the taking of juvenile fish before they reach sexual maturity and can help to ensure healthy stock levels are maintained.

The information we have from our inspection of the Estai – the Spanish vessel boarded and seized by Canadian authorities on March 9 – confirms our concerns regarding the conservation of turbot stocks.

It also exposes as never before the existence of damaging, anti-conservation fishing practices.

The vast majority of the product on board the Estai was processed from immature turbot and could not have been taken by legal gear. The recovered nets that were cut from the Estai bear this out.

The North-west Atlantic Fisheries Organisation, which has regulated the harvesting of certain groundfish stocks outside Canada's 200-mile limit since 1979, requires a mesh size of 130mm for nets employed in this fishery.

This allows juvenile fish an opportunity to escape, thus ensuring the conservation of the stock. The Estai's nets were only 115mm and also contained a lining with a mesh size of only 80mm.

Turbot reach maturity between 60cm and 70cm in length (24in to 28in). About 79 per cent of the fish aboard the Estai were less than 38cm long, and 22 per cent were between 23cm and 29cm. The only way to account for this type of catch – virtually entirely juvenile fish – is the use of illegal gear.

The origins of the current dispute date back to the late 1980s, when the Spanish factory trawler fleet began fishing outside Canada's 200-mile limit and the European Union began using an objection procedure in the NAFO rules to exceed NAFO quotas.

In this period, EU vessels fished more than seven times the amount of cod, redfish and flounder allocated to them by NAFO.

This contributed to the imposition of moratoriums on fishing for flatfish and cod on the so-called Nose and Tail of the Grand Banks.

The vast majority of the product on board the Estai could not have been taken by legal gear

With these other groundfish stocks exhausted, the EU fleet turned to turbot, which had previously been harvested mainly by Canadians. The EU's turbot catch rose from 4,000 tonnes in 1989 to more than 50,000 tonnes in 1992-93. Spanish vessels accounted for most of this.

Last year, Canadian scientists and the NAFO's scientific council highlighted problems with the turbot stock. In response, Canada drastically reduced its catch. In September 1994, NAFO for the first time set a Total Allowable Catch for turbot. That catch was 27,000 tonnes in 1995 – less than half the 1994 level of about 60,000 tonnes.

In February, NAFO allocated 16,000 tonnes – or 60 per cent of the catch allowable in 1995 – to Canada. This was based on Canada's traditional share of the stock. It allocated 3,400 tonnes to the EU.

But the EU has used the NAFO objection procedure to set for itself a quota of 18,630 tonnes, or 69 per cent of the catch allowable in 1995.

Unfortunately, this is not the first time such unilateral measures have been taken by the EU to maintain its Spanish fleet of factory-freezer trawlers in a profitable exile away from European waters.

Faced with a destructive assault on the resources of the Grand Banks, Canada legislated in June 1994 to give the government authority to make regulations for the conservation on the high seas of stocks that straddle the Canadian 200-mile fishing limit.

Our groundfish fleets have been tied up, with more than 40,000 fishermen and plant workers idled, and Canada has already committed itself to a 60-day moratorium both inside and outside the 200-mile limit. Meanwhile, Spanish fleets continue to fish the Grand Banks.

Our message seems to have struck a sympathetic chord in other fishing communities around the world. Mr Tom Hay, chairman of the Scottish White Fish Producers' Association, is among those to have sent encouraging messages. Mr Hay called on all UK fishermen to "give the Canadian government their full and unqualified support."

The steps we have taken in the past week were not solely in the interests of Canada. We are concerned with the conservation of a resource for the sake and future of the world. The rectitude of our actions will be praised in generations to come.

Brian Tobin

The author is Canadian minister of fisheries and oceans

OBSERVER

One netty number

■ Big Blue is turning kinda cool. IBM's 1994 annual report seems to owe something to the style of Wired, the hotshot San Francisco computer magazine with its jazzy graphics and dry humour.

The paper version of the annual report includes, for example, a section designed to demystify technobabble, entitled: "Is your bandwidth gooey, a low-RISC guide to talking Tech." Or how about the definition of cyberspace, which "doesn't really exist, except when you use it. Bigger than life. The final frontier. Makes you tingle?"

The conventional elements of an annual report are all present and correct, but they are accompanied by half-a-dozen stories of how individuals use IBM technology – rather than the more traditional sort of worthy enumeration of bulk orders to bulky corporations.

Next week comes the CD-Rom version, with digital video sequences narrated by chairman Lou Gerstner.

An interview is also promised, in which Gerstner will respond to some of the most frequently asked questions about the future of the company.

Finally, stand by for the report on the Internet, where the World Wide Web page will feature elements of both the printed and recorded versions including sound, graphics and video.

Surely one of the more ambitious corporate billboards around.

Huffy Uffe

■ Political parties all over Europe are out of fashion, and their membership numbers in free-fall. Not least in Denmark.

Danish establishment politicians got smacked wrists by the voters in last year's general election when, for only the third time this century, voters elected an independent MP, the comedian Jacob Haugaard.

His platform promises – among other things – more presents from Father Christmas got him a seat but appalled mainstream politicians.

Yesterday the dullards launched a joint campaign to boost their ranks. Oddly enough, Liberal party leader Uffe Ellemann-Jensen wasn't sure that a parliament of comedians is such a bad idea: "At least we would get that pause we all so long for in the torrent of legislation."

When a Danish politician wearies of politics, you *know* things are bad.

Multicolourism

■ The US diplomatic establishment is in shock. Foreign Policy magazine – that's the long thin one designed to fit into a jacket pocket and which used to require fingers of steel to prise open – has celebrated its 25th anniversary.

To mark the occasion, it has changed its size and format and is coming out with a *full colour* cover.

Now this is definitely one in the eye for the more elderly publication Foreign Affairs, whose sole nod in the direction of modernity has so far been limited to switching from an off-grey to an off-blue cover.

Nor does rivalry between the two show any sign of abating. Morton Abramowitz, head of Washington's Carnegie Endowment which owns Foreign Policy, decided to commemorate the new edition by submitting his own article, "of a humorous nature."

Bill Maynes, the editor, risked lèse majesté and turned it down. "American foreign policy is funny enough these days without your article, Mort," he apparently said.

So Abramowitz sent his screed on to Foreign Affairs in New York, only to collect another rejection slip from Jim Hoge, its editor.

"Give it to Maynes," Hoge suggested, "he'll publish anything".

Blackball news

■ So Malcolm Matson, the telecoms entrepreneur and Harvard MBA. has lost the first round of his attempt to change the rules of one of Britain's most exclusive clubs – the Corporation of London's Court of Aldermen.

Matson, who gained 78 per cent of the vote in a ward election, but then failed to get ratified by the Court of Aldermen, is waging a campaign to challenge the "secretive and undemocratic" ways of City governance.

No help from the High Court yesterday, where the judge ruled there was nothing in the law requiring aldermen to give reasons for a blackballing. Matson will seek leave to appeal.

A grammar school boy beating at the door of a public schoolboy's club, Matson and his freely dispensed Christian views – and liberal use of phrases such as the moral marketplace – make the City establishment squirm.

But he is not about to go away. While he vows never to stand in another such election, he is not shy of throwing money behind a fight by other means.

"The truth is very patient and sometimes very expensive" he mutters darkly.

Uphill struggle

■ Things have been going rather well of late for Arlette Laguiller, the radical leftwing Workers' Struggle candidate for the French presidential election.

Having faithfully stood every seven years since 1974, Laguiller suddenly finds herself the subject of considerably more press attention than normal.

Only problem is, most hacks seem at least equally interested in her views on her employer, which just so happens to be the haemorrhaging state-controlled bank, Crédit Lyonnais.

The Financial Times

50 years ago

Pan-American Airways
Pan-American Airways' stockholders have approved proposals preparatory to an offering of new stock and rights to subscribe to it. They have agreed to a two-for-one stock split-up and an increase in the authorised capital stock from its present 6m shares to 10m. To date, shares outstanding total 1,993,261 with a par value of $5 each. After the stock split-up, the shares will have a par value of $2.50.

Dearer farm products
Brussels: The Government has been compelled by circumstances to authorise a price increase for farm products by an average of 40 per cent, with a view to encouraging farmers to sell. Subsidies will prevent an increase in consumer prices, and so avoid agitation for higher wages which would follow a rise in the official cost of living index.

Australian wool tax
A new Bill provides for the quadrupling of the rate of tax under the Wool Tax Act, making the tax two shillings a bale, one shilling a fadge or butt and fourpence a bag.

The Financial Times was not published on Sunday March 17 1895

FINANCIAL TIMES
Friday March 17 1995

Republicans plan to cut US spending by $190bn

By George Graham in Washington

Republican leaders yesterday unveiled plans to slash government spending by $190bn over the next five years as President Bill Clinton and his fellow Democrats attacked cuts they say would hurt the poorest and weakest segments of society in order to provide tax breaks for the wealthy.

The spending reductions proposed yesterday by Congressman John Kasich, chairman of the House of Representatives budget committee, match the estimated cost of the package of tax breaks the Republican leadership introduced last week.

Mr Kasich said he would reduce the caps on discretionary spending, which must be approved by Congress each year, by $100bn over the next five years, with severe cuts in foreign aid and job training programmes.

Further cuts in entitlement spending, which recurs year after year without specific approval from Congress, would affect welfare, food stamps, school lunches and civil servants' pensions.

Democrats have found their criticism of the Republican plans offers an opportunity to rebuild their shattered party unity and to strike a chord with public opinion.

"Basically they are cutting kids, education and cops so that they can dish money off to the wealthiest in America through their tax cuts," said Mr Mike McCurry, the White House press secretary, encapsulating the line of attack Democrats have repeated over the past week.

Mr Kasich defended his spending cut plan, arguing that it was only right to return some money to hard-pressed taxpayers through a proposed cut in capital gains tax and a $500-a-child income tax credit. "It's their money, after all," he said.

But although the Republicans have agreed in general with the plan to cut taxes, which was part of their Contract with America manifesto, they have found it harder to unite on the specific cuts which would make up the lost revenue, an area which was left blank in the manifesto.

Many Senate Republicans are hostile to the tax cut proposal and would prefer to concentrate on spending cuts that would reduce the budget deficit.

House Republicans ran into a similar feeling yesterday when they passed a limited plan to cut spending in the fiscal year already under way by $17bn. Part of these savings will be used to offset emergency spending on disaster relief, but Republican leaders had hoped to use some of it to help pay for the tax cut plan.

They have had to abandon that idea, opting instead to place the savings in a "lockbox" to be used to reduce the deficit. Without this commitment, Republican leaders risked losing some votes from their own party without picking up any offsetting votes from Democratic deficit hawks.

Mexican peso slips again despite interest rate rise

By Stephen Fidler and Leslie Crawford in Mexico City

The Mexican peso, which has fallen sharply since the country's bungled devaluation in December, weakened again yesterday in spite of this week's sharp increase in interest rates.

The peso fell to 7.09 to the dollar from 6.95 at Wednesday's close. In the interbank market, rates rose close to 110 per cent on Wednesday, although yesterday the secondary market rate for 28-day treasury bills or Cetes fell about 10 percentage points to 78 per cent.

In an effort to counter investors' negative view of the economy, Mr Miguel Mancera, governor of the central bank, said there had been "a brutal adjustment" because of tight monetary policy, which was already showing results.

The current account had moved into rough balance in February, from an average monthly deficit of $2.4bn in 1994. That was based on the largest monthly trade surplus in the country since April 1988. That alone implied an economic adjustment equivalent to 8 per cent of gross domestic product, he said. Private economists in Mexico City are starting to predict a current-account surplus this year for the country. "Nobody realises outside the country the magnitude of the adjustment that has taken place in the past two months," Mr Mancera said.

There was a profound misconception among some foreign investors that monetary policy was loose, he said. That perception appeared to have derived from a misconception that the central bank was creating domestic credit in the economy, but that was completely false. "Interest rates are so high that nobody is taking any new credit."

A more permanent exchange rate regime would have to await a recovery in the country's reserves and a stabilisation of trade and capital flows, Mr Mancera said.

President Ernesto Zedillo said in an interview that he favoured the eventual shift to a more flexible exchange rate regime than Mexico had employed in recent years, to be centred on maintaining the real value of the exchange rate.

The peso has been floating since December 22, when the government abandoned efforts to hold an exchange rate floor.

Mexico had drawn down a net $5bn from the $20bn emergency credit line made available by the US, according to Mr Mancera. It had drawn $6bn but had paid back $1bn of short-term credits.

He said some of that had been used to help banks to pay back a net $3.2bn of foreign-currency obligations, although most banks had been able to roll over their liabilities. The bank had also intervened to smooth out the most erratic fluctuations in the exchange rate, although its ability to do so more frequently was limited by lack of resources.

Zedillo signals flexible interest rate policy, Page 6

Italian PM survives confidence motion

Continued from Page 1

into pro and anti-Berlusconi factions, also swung fully behind the government.

Opposition to the government came from Mr Berlusconi and the parties in the previous rightwing administration. Mr Berlusconi showed no regrets about trying to bring the government down.

He pledged yesterday to ensure that the country goes to the polls by June – his aim ever since the Dini government was formed in January.

The difficulties ahead for Mr Dini were underlined by comments from Mr Roberto Formigone, one of the leading members in the divided PPI planning to defect to the Berlusconi camp. "One can't govern against the will of half of parliament . . . and to the 309 votes against the government, one can, from now on, add the main dissident voices in the PPI," Mr Formigone said.

If the pro-Berlusconi camp in the PPI now shifts its votes away from the government, the administration will have difficulty in surviving. President Oscar Luigi Scalfaro will be under ever-growing pressure to dissolve parliament, with or without pensions reform.

The Dini government has made significant progress with the trade union movement in negotiating a shake-up in the state-run pensions system. Agreement may be reached early next month. But, as the unions pointed out, such an agreement will be useless without a clear parliamentary majority.

Rowland attacks Bock over running of Lonrho

By David Wighton in London

Mr Tiny Rowland has launched an emotional attack on Mr Dieter Bock, the German financier who recently sacked him from the board of UK company Lonrho after 34 years at its head.

In a letter which he sent to 57,000 shareholders Mr Rowland said that Mr Bock, Lonrho's chief executive and largest shareholder, had "displayed very poor management skills in the last eighteen months" and called on him to provide more details of his private companies.

Lonrho dismissed the statement saying: "Mr Rowland's allegations are either inaccurate or spurious. It is all rather sad."

In the letter, Mr Rowland appealed to shareholders to support his appointment as president of the company at next Friday's annual general meeting. "My services to Lonrho cannot be terminated since they come from the heart, and perhaps you will consider recognising whatever fun and profit you have had from your shareholding in Lonrho by voting for me, too."

Two weeks ago the Lonrho board agreed unanimously to dismiss Mr Rowland as a non-executive director and to withdraw the proposal for him to become life president.

The proposal will still be put to the meeting and, under terms agreed between Mr Rowland and Mr Bock last November, Mr Bock is committed to voting his 18.7 per cent stake for the resolution. The board has advised shareholders to vote against the resolution, which requires the support of 75 per cent of the votes cast.

Mr Bock was brought into Lonrho by Mr Rowland at the end of 1992 when he bought a 7 per cent stake from Mr Rowland and underwrote a much-needed rights issue. Mr Rowland claimed yesterday that Mr Bock had "apparent difficulties" in paying for the holding and offered some shares in Advanta, his German property company, in part exchange.

Mr Rowland said his final dismissal came after he questioned Mr Bock's role in the sale of 4,300 German flats by Lonrho in 1993. Mr Rowland claimed: "I was just putting this view forward in my mild and agreeable way over a cup of tea when Mr Bock became incandescent with rage and ordered me from the Lonrho building which we moved into in 1962."

Mr Bock is suing the German magazine Focus and the British newspaper, Mail on Sunday, over allegations related to the deal.

In addition to sending the letter to shareholders, Mr Rowland had planned to place the statement as a full page advertisement in the Financial Times and other newspapers. But it could not appear for legal reasons.

See Lex

THE LEX COLUMN

On the right track

The creation of ABB Daimler-Benz Transportation is an astute move for both parent companies. Economies of scale should allow the joint venture to improve the low margins in the two transportation operations.

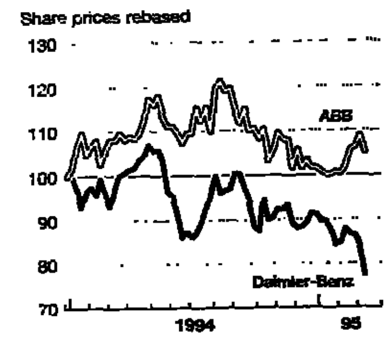
For Daimler-Benz, the move helps in its plan to focus on a smaller number of businesses. The German group has gone some way to resolving the problems at its loss-making AEG division with the sale of its household goods business to Electrolux last year. Selling the transportation business outright might have appeared a more attractive option than a joint venture: the venture leaves Daimler $900m out of pocket, once it has compensated ABB for the smaller size and poorer performance of its contribution to the new business. But the cash pay-out will soon be recovered. Although AEG's transportation division has run at a loss for the last two years, its order flow is solid. Like the rest of AEG, its problem is that it has consistently been an also-ran in businesses where only the market leaders are well rewarded. Daimler's next headache is what to do with the remains of AEG, now that it has sold or hived off the most attractive areas.

ABB, on the other hand, is at last enjoying the fruits of its own rationalisation process. Its transportation business proved a difficult challenge but it is already profitable. The joint venture is a logical progression. It will place both parent companies at the heart of the recently consolidated European rail transportation industry.

FT-SE Eurotrack 200: 1337.0 (+4.0)

European engineers

Share prices rebased



Source: Datastream

Italy

Italian prime minister Mr Lamberto Dini may have scored a significant victory for common sense in forcing through his mini-budget to fill a gaping hole in government finances. But a six vote margin scarcely represents a resounding political mandate. And the odds are increasing that Mr Silvio Berlusconi will win his battle for a June election. Mr Berlusconi is anxious for a quick election since a June referendum could strip him of part of the media empire which has been so active in supporting his political ambitions.

Nevertheless, an early election may not be entirely bad for financial markets. Italy is caught in an alarming spiral. The lira has fallen 17 per cent against the D-Mark this year, fuelling inflationary pressures. This has already forced an interest rate rise, which puts up the cost of maintaining the government's debt mountain and, in turn, puts further downward pressure on the lira. The obvious means of reversing the spiral would be political stability and firmer economic controls. Mr Dini can deliver neither.

The best hope is that Mr Dini can rapidly push through pension reforms, which would defuse a long-term financial timebomb. This would provide a fillip to financial markets in the run-up to elections. However, even then there is only limited hope that an electoral victory will secure the stability that Italy so desperately needs. Analysts may argue that equities look attractively valued, but the risk/reward ratio continues to look unfavourable.

Client cash

British merchant banks have a nice little earner in acting as the depositories of cash from their fund management arms.

But as Barings' collapse shows, the habit is risky; Barings' fund management clients nearly lost out. The practice violates the investment principle of not putting all one's eggs in one basket. Not surprisingly, clients and their consultants are getting edgy. And the merchant banks – led by Schroders and Robert Fleming – are reviewing the practice.

One option – preventing fund managers depositing any cash with their parents – misses the point. The risk comes from concentrating cash with a single institution whether or not that is the parent.

A better alternative is to spread cash around several banks. Fleming is toying with the idea of limiting to 5 per cent the proportion of assets that can be put with the parent bank. Given that funds often have less than 5 per cent of their assets in cash anyway, that looks a bit soft. Schroders' alternative of creating a "money fund", placing cash with a group of banks, is safer – though it may involve some extra expense.

With market forces already at work, the case for regulation to protect client cash is slim. It would merely add to red tape. The greater case for regulation following Barings' collapse is to stop banks lending large sums to their securities arms. Ordinary depositors are not in a position to vet whether their banks are using their cash to take big bets in financial markets. Regulators must insist on firewalls to prevent it.

Lonrho

Mr Tiny Rowland was never likely to go down without fighting, so yesterday's passionate letter to shareholders is not surprising. After all, shareholders will vote next week on his continued attachment to a company to which he has devoted 34 years of his life.

But the argument that "my services cannot be terminated since they come from the heart" carry little weight from a man who earned more than £1m, with substantial extras. It's vintage stuff, but the label is familiar for Lonrho shareholders.

Yet Mr Rowland raises one issue which will continue to affect the new Lonrho; namely, the lack of expertise of Mr Dieter Bock, its chief executive. Mr Bock joined Lonrho in 1993 because he had money; but at the same time he did not appear to pose a threat to Mr Rowland's reign. Mr Bock has made moves to demonstrate Lonrho's value, such as floating off Ashanti and restructuring the hotel empire. But ultimately, he has little knowledge of the businesses that make up the sprawling Lonrho empire.

Lonrho still has two big problems: lack of cashflow and credibility. The ongoing business continues to haemorrhage cash, which can only be tapped by asset sales. And Mr Bock has not helped by raising Lonrho's already thinly covered dividend. Making himself a non-executive chairman and bringing in an experienced chief executive would help plug that credibility gap. There is a lot to fight for. Lonrho shares trade at 142p, compared with estimated asset values of up to 200p.

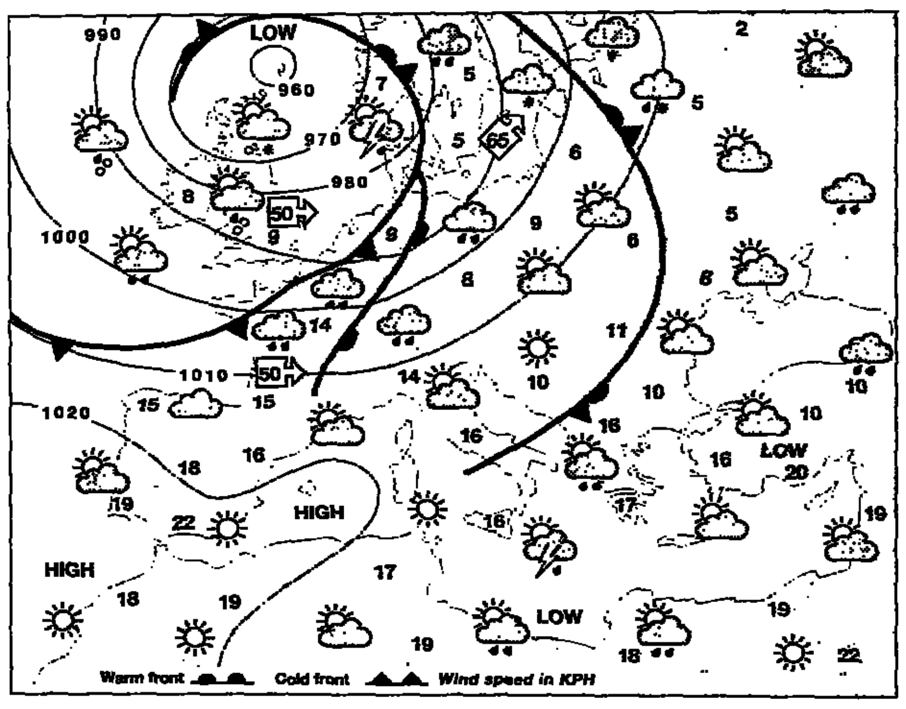
FT WEATHER GUIDE

Europe today

It will become cooler over Britain and Ireland with wintry showers in northern regions.
A front travelling across France, the Netherlands and Belgium will result in occasional rain. Over central France in particular, it will be rainy for an extended period.
It will be cloudy over central Europe and rain will spread over Germany and the Alpine region. Snow may fall on higher ground. Rain is expected in southern Norway and Sweden, with gale force southerly winds over the Baltic Sea. The Mediterranean region will be mainly dry and sunny, but a depression will cause showers in Sicily and northern Libya. Some showers may be thundery.

Five-day forecast

It will remain showery over much of north-west Europe on Saturday, with the extended rain affecting central France until Sunday afternoon. High pressure from the Atlantic is expected to reach Britain by Monday, causing frosty conditions at night. It will become milder over south-west Europe this weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	30
Accra	shower	31
Algiers	fair	18
Amsterdam	rain	10
Athens	fair	17
Atlanta	fair	23
B. Aires	sun	25
B.ham	shower	11
Bangkok	sun	35
Barcelona	fair	16
Beijing	sun	6
Belfast	thund	7
Belgrade	fair	10
Berlin	rain	9
Bermuda	shower	20
Bogota	shower	21
Bombay	sun	32
Brussels	rain	12
Budapest	fair	9
C.hagen	rain	5
Cairo	fair	23
Cape Town	fair	28
Caracas	fair	32
Cardiff	rain	9
Casablanca	sun	19
Chicago	fair	13
Cologne	rain	12
Dakar	sun	24
Dallas	fair	23
Delhi	fair	28
Dubai	fair	29
Dublin	shower	8
Dubrovnik	cloudy	14
Edinburgh	shower	7
Faro	fair	19
Frankfurt	rain	11
Geneva	cloudy	11
Gibraltar	sun	19
Glasgow	shower	7
Hamburg	rain	8
Helsinki	fair	2
Hong Kong	cloudy	18
Honolulu	fair	29
Istanbul	fair	12
Jakarta	shower	31
Jersey	rain	12
Karachi	fair	30
Kuwait	fair	24
L. Angeles	sun	22
Las Palmas	fair	20
Lima	sun	28
Lisbon	cloudy	18
London	rain	11
Lux.bourg	rain	9
Lyon	cloudy	14
Madeira	cloudy	18
Madrid	fair	18
Majorca	fair	17
Malta	thund	16
Manchester	shower	9
Manila	fair	33
Melbourne	sun	23
Mexico City	fair	22
Miami	shower	28
Milan	fair	14
Montreal	snow	3
Moscow	fair	0
Munich	fair	12
Nairobi	fair	27
Naples	fair	18
Nassau	fair	27
New York	fair	14
Nice	sun	13
Nicosia	shower	18
Oslo	rain	6
Paris	rain	14
Perth	sun	31
Prague	fair	8
Rangoon	sun	36
Reykjavik	fair	-3
Rio	fair	28
Rome	fair	16
S. Frsco	fair	17
Seoul	fair	8
Singapore	cloudy	33
Stockholm	rain	5
Strasbourg	rain	14
Sydney	fair	25
Tangier	sun	20
Tel Aviv	fair	21
Tokyo	rain	17
Toronto	fair	4
Vancouver	fair	14
Venice	fair	11
Vienna	fair	9
Warsaw	fair	9
Washington	fair	19
Wellington	fair	18
Winnipeg	snow	4
Zurich	cloudy	11

FINANCIAL TIMES
COMPANIES & MARKETS
Friday March 17 1995

IN BRIEF

UB weakened by rising costs

Recent price increases for biscuits in the UK and US signalled a positive shift in retailers' attitudes, United Biscuits said yesterday as it announced profits badly weakened by rising costs and falling prices. Page 24

Swedbank aims for May share sale
Swedbank, the Nordic region's biggest bank by asset value, yesterday said it would carry out its planned listing on the Stockholm stock exchange through a SKr3bn ($417m) share sale in May. Page 18

Price rises drive recovery at MoDo
Big increases in pulp and fine paper prices have driven a recovery at MoDo, one of Sweden's leading pulp and paper groups, to profits of SKr1.82bn ($252.8m) last year from a SKr449m loss in 1993. Page 18

Improved sales lift BMW by 35%
BMW, the German carmaker, lifted net profit by 35 per cent last year, to DM697m ($500.5m) from DM516m a year earlier, on the back of higher sales in most world markets. Page 18

Setback to Viacom's disposal plan
Attempts by Viacom, the US media group, to sell its cable TV interests suffered a further setback on Wednesday when the Senate finance committee voted to block tax breaks for minority owners of communications companies. Page 20

KKR takes leave of an era of greed
In what is being seen as an ignominious codicil to the "greed" era of the 1980s, Kohlberg Kravis Roberts, the Wall Street investment firm, is giving away its stake in RJR Nabisco, the US tobacco and food group it bought at the climax of the leveraged buy-out boom. Page 21

Ayala Land profits advance 62%
Ayala Land, the Philippines' largest property developer, boosted net profits in 1994 to 2.16bn pesos ($83m), an increase of 62 per cent over the previous year's earnings. Page 22

Glaxo Wellcome merger talks
Directors of Glaxo and Wellcome began talks yesterday on integrating the two companies after Glaxo's £9.1bn ($14.9bn) takeover, the largest in UK corporate history, was declared unconditional after the US Federal Trade Commission gave its consent. Page 24

Flemings build SA investment bank
Flemings, the UK-based investment bank, yesterday announced it had agreed in principle to take a 50 per cent stake in Martin and Co, South Africa's largest stockbroker, as part of its plan to build a regional investment bank there. Page 23

Farm aid to 'city slickers' attacked
Over the past 10 years, more than $1.8bn (£1.09bn) in US government subsidies have been paid to absentee owners of US farms who live in US cities, according to a report by the Environmental Working Group in Washington. Page 25

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Falls			
Aachen Mch	960	–	25
Bil & Berg	656	–	11
Daimler Bnz	633.5	–	15
Goldschmidt	800	–	15
Ind Werke	308.5	–	12.5
Volkswagen	350	–	11
NEW YORK ($)			
Rises			
Nine West	29⅛	+	⅞
US Shoe	25⅝	+	⅛
Falls			
Stone Cont	20	–	1¼
Luxottica	32⅞	–	1⅛
Westvaco	38⅛	–	⅞
Weyerhauser	37⅛	–	⅞
LONDON (Pence)			
Rises			
Asprey	75	+	7
Brit Mohair	197	+	13
Tilbury Dgls	468	+	35
Falls			
Clinton Crds	87	–	5
Nthn Elec	781	–	40
Virtuality	201	–	8
TORONTO (C$)			
Rises			
Biovail	21	+	1
Fletcher Inc	26⅛	+	1⅛
Xerox Can	56	+	2
Falls			
Archer Res	5	–	¼
Riverside	16⅛	–	1
Trojan Tech	7⅛	–	⅛
PARIS (FFr)			
Rises			
Air Liquide	758	+	19
Banc Comp	510	+	14.5
Elf Aquit	377.2	+	11.2
LVMH	850	+	11
Falls			
Cred Lyon	263	–	17
SLIC	676	–	17
TOKYO (Yen)			
Rises			
Taijin	482	+	16
Falls			
Aoyama	1600	–	100
Central Fin	370	–	32
Fudo Const	830	–	55
Kaneka	645	–	35
NTN	572	–	26
HONG KONG (HK$)			
Rises			
Beauforte	12.1	+	0.1
Dah Sing	13.1	+	0.35
Nanyang Hlds	7.5	+	0.30
Falls			
IMC Hlds	5.3	–	0.2
Lippo	5.4	–	0.2
Ming Pao Ent	4.3	–	0.25
BANGKOK (Baht)			
Rises			
Monterey	13	+	1
New City	46.5	+	3.5
Shinawatra	458	+	20
Falls			
Asian Sea Fd	89	–	19
Interlife	68.5	–	7.5
Sanavirlya	65.5	–	6.5

New York and Toronto prices at 12.30pm.

Barings reports showed 'nil' risk

By John Gapper and Nicholas Denton in London

Senior executives of Barings, the collapsed UK merchant bank, were given daily reports indicating that Mr Nick Leeson's trading operations were not placing it at any risk, according to internal documents.

Reports to Barings' asset and liability committee, which monitored trading risk before the bank's collapse last month, show Mr Leeson's trading positions on the Nikkei 225 index as fully matched, and therefore risk-free.

The reports, several of which have been obtained by the Financial Times, gave daily "value at risk" figures for all global trading operations. Throughout February, until the collapse, the reports showed "nil" risk for the unit headed by Mr Leeson. In fact, Mr Leeson was apparently hiding unmatched futures and options contracts in at least two "error accounts". These led to the collapse of the bank with losses of £860m ($1.4bn), and its acquisition by Internationale Nederlanden Group.

The reports to the asset and liability committee in London led executives to believe the bank was running no significant trading risks. Executives are likely to use them as evidence they did not condone a risky trading strategy. However, Bank of England investigators will examine how the bank's senior executives were deceived by the reports, which were drawn up on the basis of daily positions reported by traders in Singapore and Japan.

The report for February 21, two days before the discovery of the hidden losses, shows matched long and short positions with a value of $3.1bn on the Nikkei index, $10.3bn on Japanese government bonds, and $51m on Euroyen. The trading operation, run by Baring Futures (Singapore), of which Mr Leeson was general manager and chief trader, worked by exploiting small price differences between contracts on Japanese and Singapore exchanges.

The "value at risk" method employed in the reports showed how much of the group's capital was at risk from movements in financial markets. It is regarded by large investment banks as a sophisticated method of measuring trading risks.

Senior Barings executives say the daily reports to the asset and liability committee, which involved Mr Peter Norris, the head of investment banking, reassured them when questions were raised about positions held in Osaka. However, the investment banking management committee, which oversaw all operations, decided in February to cut positions when contracts expired in March because of concerns that they were growing too large.

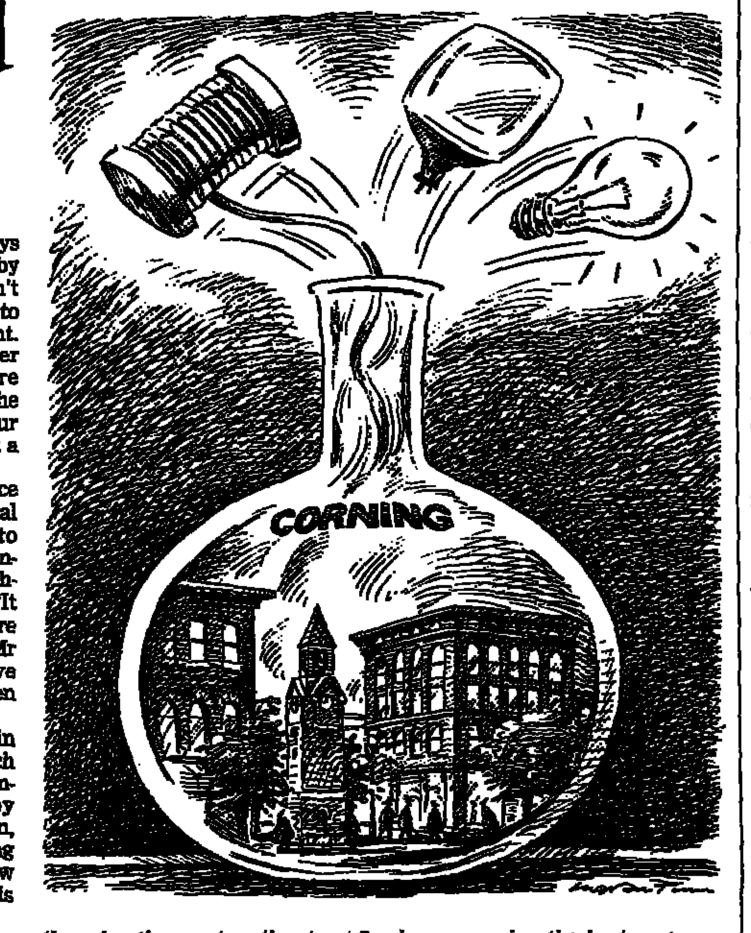
The asset and liability committee included Mr Ron Baker, head of the financial products group, which had functional responsibility for Mr Leeson's trading.

The daily reports show that the arbitrage "switching book" run by Mr Leeson was making significant profits in February. In the month to February 21, income of £4.5m was recorded for exchange arbitrage on the Nikkei 225 index.

More reports, Pages 20 and 26

Tony Jackson looks at the innovative record of a small-town family-run company

Corning looks ahead to the next big one



The small town of Corning, in the northern foothills of the Appalachian mountains, might seem to the casual observer a parody of Victorian capitalism. From their mansions high above the town, the ruling Houghton family – the company chairman and his brother the congressman – look out on the workers below.

The old glassworks, founded by their great-grandfather, has been knocked down and replaced by a gleaming black office block. But in a town of 12,000 inhabitants, 6,000 are still employed by Corning.

Intensely traditional companies are not uncommon in the US. Less common is the fact that Corning is also intensely innovative. The company's laboratories in the town made the first light bulbs for Thomas Edison, and were the first to mass produce glass tubes for TV sets.

They also invented optical fibre, thus laying the pathway for the information revolution. As Mr Jamie Houghton, Corning's chairman, says "very few companies can say they have produced inventions that changed the lives of mankind. We've produced three".

At the heart of Corning is the technology of inorganic materials. From the starting point of the old glassworks, this has led it along some curious paths. Like most glass companies, it is heavily involved in the motor industry. But instead of making windscreens, it is the world's biggest producer of ceramic honeycombs which form the basis of catalytic converters for car exhausts.

Similarly, its starting point in laboratory glass has led it to become a leading provider of blood tests, besides working on drug development and biotechnology manufacture for the pharmaceutical industry.

In electronics, it is the main producer of glass substrates for the flat screens used in personal computers.

Corning makes nose cones for spacecraft, giant mirrors for astronomical telescopes and projection lenses for high definition TV sets. "Virtually everything we do," says Mr Roger Ackerman, Corning's chief executive, "goes back to an invention in our laboratories."

Not all these inventions are benign. In the 1930s, a Corning scientist invented silicone. Unsure what to do with it, Corning formed a joint venture with Dow, the US chemicals company. Dow Corning went on to become one of the biggest makers of silicone breast implants, and is now facing enormous claims for damages.

The venture, Corning insists, is ring-fenced, so that no liability attaches to its parent. Nevertheless, the affair has depressed Corning's share price, and is a blot on its reputation with investors.

It has not, however, dampened the company's enthusiasm for joint ventures. Corning has an extraordinary array of these, with partners ranging from Siemens of Germany to Mitsubishi of Japan and Samsung of Korea.

There is an unwritten company rule that these ventures should not make up more than half the business. Nevertheless, as Mr Ackerman makes plain, they are a fundamental part of Corning's philosophy. "The joint venture is a financial hedge," he says. "More important, it shortens the time you take to get to market."

Besides Dow Corning, the company has one other headache: its consumer division, which is the world's largest producer of tableware and cookware, such as heat-resistant Pyrex (another Corning invention). After several years of losses, the division made a meagre $56m of operating profits last year on $780m of sales.

"That business is in critical care," Mr Ackerman says. "It's climbed out of the cellar, but if it doesn't meet the goals that the board has set for it, we'll probably have to do something with it."

One of the difficulties the company faces is the downward pressure on prices from big retailers. The problem is not confined to the consumer division.

As Mr Ackerman observes, Corning may be big in its niches, but some of its customers have purchasing power of $30bn-40bn apiece. "The auto industry says real costs have to come down by 2-3 per cent a year, or you won't be a supplier. Optical fibre has to keep coming down by 5 per cent.

"In healthcare, we're under pressure from managed care organisations. I operate on the assumption that over time, our costs must go down 3-5 per cent a year in real terms."

Part of the answer lies, once again, in technology. In optical fibre, the company reckons to have worked through eight generations of manufacturing technology since the early 1980s. "It wasn't so long ago that we were selling fibre at $1 a metre," Mr Houghton says. "Now it's five cents, and our margins have been very good throughout."

That long-term commitment, in Mr Houghton's view, owes much to Corning being a family company. It has been run by Houghtons since its foundation, his immediate predecessors being his elder brother Amory – now the local congressman – and his father.

"Family ownership of the company isn't what it used to be," he says (outsiders put it at about 20 per cent.)

"But I attribute a lot of our success to what my brother and father called patient money. On my brother's tombstone should go the fact that he single handedly supported optical fibre through 18 years of losses, from its invention in 1966 to break-even in 1983."

Now 59, Mr Houghton must face the fact that the only other family members in the company are his son James, 31, and nephew Carter, 24. "So far they're both doing well," he says. "But the days are clearly over when you could assume the top position by having the right last name."

If the family nature of the firm seems open to question, one might also query its location. The town of Corning may be in the state of New York, but it is so far from the metropolis that employees shuttle up and down by company plane. Would it not make sense to move?

"We've been here since 1868," Mr Houghton replies. "Yes, it's inconvenient in some ways. But the fact is we have a very tightly wired connection here between technology, manufacturing and management."

There is also, he makes plain, an element of paternalism. "If somebody's been around here a long time and they're over a certain age, we're not happy about throwing them out on the street."

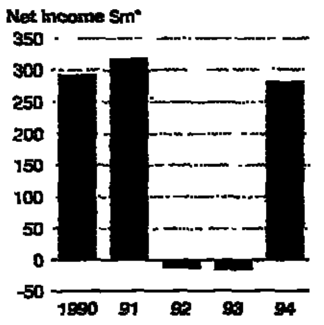
In the age of corporate re-engineering, is this not a constraint? "Sure," Mr Houghton says. "We're not stupid. We have consultants in, and some of them take a very clinical view of things: if only you could blow up half of Corning, New York, you'd be in great shape. As I keep telling them, they think we work on Madison Avenue and live in Connecticut. We don't. We live and work here."

Meanwhile, the process of invention continues. "Our major task," Mr Houghton says, "is to keep scanning the horizon to see what could be the next big one. If you ask me whether there will be another one like fibre optics in my tenure, probably not. These things take a long time to develop."

The question still arises of what the next big one might be. Mr Houghton has a surprising answer.

"I think you'd have to say solar energy. If there's going to be a major breakthrough in storing it and making it viable, I hope Corning will be responsible. But I'm not betting the lab on it."

Corning



* After exceptional charges
Source: Company accounts

Hoogovens returns to profit and resumes dividend

By Ronald van de Krol in Amsterdam

Hoogovens, the Dutch steel and aluminium group, is to resume dividend payments to shareholders after surging back into profit in 1994, putting an end to three years of losses.

The company's results swung sharply into the black last year with a net profit of Fl 354m ($228m) from a net loss of Fl 234m, in a strong acceleration of the recovery that began to emerge in mid-1993. The marked improvement is the result of a nearly 10 per cent increase in sales to Fl 7.93bn, higher selling prices and a better mix of steel and aluminium products.

Cost-cutting, restructuring, low taxes and a drop in financial charges also contributed to the turnround. Raw material prices remained stable, while staff costs fell, reflecting job cuts as well as divestments.

With economic recovery in its main markets, Europe and the US, forecast to continue, Hoogovens predicted a "substantial" increase in 1995 profit before extraordinary items. It also said it would pay a Fl 2 dividend for 1994, marking the first payout since 1990, when Hoogovens paid Fl 4.40.

The 1994 figures were better than forecast by analysts. Shares jumped Fl 3 in early trade but gave up gains to close at Fl 69.30.

Operating profit in the steel division, which produced a record 5.9m tonnes of crude steel last year, soared to Fl 438m from Fl 5m. Steel prices rose by an average of 8 per cent last year.

The aluminium sector also saw an improvement, with operating losses narrowing to Fl 35m from Fl 265m. Aluminium sales, measured by deliveries by tonnage, rose by 26 per cent, taking deliveries back to the levels of 1991.

In both steel and aluminium, the improvement gathered pace during the year, producing a particularly strong second half for each of the group's main two sectors. Aluminium moved back into profit at mid-year, although it remained in the red for the year as a whole.

Hoogovens said its restructuring in the early 1990s had enhanced its competitiveness. However, the strong appreciation of the guilder has put these gains under pressure, forcing the company to continue its policy of cost-cutting.

US lawsuit foils Govett's plan to buy Duff & Phelps

By Norma Cohen, Investments Correspondent

Govett & Co, the UK-based fund manager said yesterday it had abandoned its agreement to buy Chicago-based fund manager Duff & Phelps, after a lawsuit prompted a sharp drop in Govett's share price.

The suit, was filed in California in February by Govett American Endeavour Fund, a venture capital investment trust formerly managed by Govett. It alleged fraud, racketeering and breach of fiduciary duty by Govett and its chairman Mr Arthur Trueger.

The abandonment is a significant blow for Govett which would have seen its assets under management almost quadruple while broadening its access to the US institutional market.

The acquisition would have exchanged shares in Duff & Phelps for new convertible preference shares of Govett as well as some cash payment. Before the deal was announced, Govett shares were trading at 360p, and subsequently fell to 310p. After details of the lawsuit became public, shares fell to 270p.

Govett has said it believes the suit is without merit and it intends to file a countersuit for damages. However, Mr Francis Jeffries, chairman and chief executive of Duff & Phelps, said the the outcome of any legal proceedings was too uncertain. "We have no way of assessing what the potential liability will be, but we don't want our shareholders to assume the liability." Mr Jeffries conceded it was unusual for a planned acquisition to be derailed by a lawsuit. "It's one thing to be sued in your own business. It's another thing to buy a lawsuit," he said. Duff & Phelps may now consider offers from other buyers.

The lawsuit alleged that Govett and Mr Trueger arranged for Govett to be paid by venture capital companies in exchange for GAEF's investment in them. Moreover, the suit alleged, the investment trust's assets were used to buy stakes in at least one venture capital company which both Govett and Mr Trueger personally controlled which was experiencing difficulties.

Mr Ian Whitehead, finance director at Govett, said the company had decided against enriching its offer because the effect on its own shares would have been too dilutive.

However, analysts said that proceeding with the acquisition would have been difficult for Govett, even if it had enriched its offer. One analyst in the fund management industry said: "It's a matter of corporate integrity and the integrity of the chairman."

Meanwhile, both companies say they intend to cooperate in other business arrangements.

Swedbank aims for May share sale

By Hugh Carnegy in Stockholm

Swedbank, the Nordic region's biggest bank by asset value, yesterday said it would carry out its planned listing on the Stockholm stock exchange through a SKr3bn share sale in May.

The move will cement Swedbank's bid to become one of the region's leading commercial banks since being formed in 1992, during the loan loss crisis that almost crippled the Swedish banking system, through the merger of savings banks. With total assets of SKr464bn ($64.5bn), Swedbank has emerged with a strong market position, offering a full range of banking services. It posted its first full-year profit, of SKr4.06bn, last year after wrestling down its credit losses.

"Listing of Swedbank's stock and the broadening of share ownership represent a very important step in the bank's development," said Mr Göran Collert, who is to move from his post of chief executive to chairman in an associated change. His deputy, Mr Reinhold Geijer, will succeed him as chief executive.

The share issue will be carried out through the sale of stock held by the Savings Banks Foundations, which control Swedbank. They have agreed to sell stock worth SKr3bn, although the number of shares to be sold has not been announced. Market analysts estimate the whole bank is worth close to SKr14bn.

Mr Collert said the sale would leave the Foundations holding about 40 per cent of Swedbank. Institutions would end up with 40 per cent and the public, 20 per cent. He said the recent weakness of the stock market, which has forced the government to delay its planned privatisation of state-owned Nordbanken, had not deterred the share sale project – although a final decision to go ahead would depend on market conditions.

Two-thirds of the issue will be offered to the public, with priority going to 250,000 Swedbank savers. The balance will go to Swedish and foreign institutions. The proceeds will be used to pay down debts held by the Foundations. This will, in turn, allow them to unwind a postion on the SKr5.5bn in state guarantees put up to overcome the banking crisis.

Price rises drive recovery at MoDo

By Christopher Brown-Humes in Stockholm

Big increases in pulp and fine paper prices have driven a recovery at MoDo, one of Sweden's leading pulp and paper groups, to profits of SKr1.82bn ($252.8m) last year from a SKr449m loss in 1993.

The turnround also reflected higher deliveries in a year of strong recovery in the Nordic pulp and paper sector, after depression earlier in the decade.

The strength of the upturn was apparent in the fourth quarter, when MoDo posted profits of SKr815m, after a loss of SKr22m a year earlier. The group's figures have improved in each successive quarter for the past two years.

Full-year sales climbed to SKr20.25bn from SKr17.08bn, and operating profits were up to SKr2.68bn from SKr687m. Financial costs fell to SKr859m from SKr1.14bn because of lower interest rates and reduced debt. About SKr1.8bn of the SKr2.2bn bottom-line improvement was attributed to price rises, and the rest to higher volumes.

As Europe's third biggest producer of market pulp and its fifth biggest producer of fine papers, the company benefited from the doubling of pulp prices and a 70 per cent rise in fine paper prices in 1994.

Its French unit, however, remained in the red, with a SKr50m deficit, largely because of continued losses at its Alizay fine paper plant. However, MoDo said Alizay had reached profit by the year-end.

Mr Bengt Pettersson, chief executive, said strong demand would keep MoDo mills at full capacity in 1995. He also forecast further price rises. Big increases in newsprint prices were introduced at the start of the year, and pulp prices have continued to climb.

The group has strengthened its balance sheet through disposals, including the sale of its packaging unit in a deal worth SKr1.2bn. It stresses that its targeted debt/equity ratio of 0.5, against 0.69 at present, would not be threatened by a SKr4bn investment programme.

MoDo restored its dividend, with a payout of SKr11 a share on earnings per share of SKr30.

Allianz pulls out of Austrian bank contest

By Andrew Fisher in Frankfurt

Allianz of Germany, the largest insurance concern in Europe, said yesterday it was pulling out of the bidding contest for Creditanstalt-Bankverein of Vienna. However, it retains a strong interest in Austria, where it is number three in the insurance market.

The decision to withdraw follows this week's announcement that a consortium headed by Generali, the Italian insurance company, had made an offer worth some Sch9bn ($918m) for 48 per cent of the voting shares of Creditanstalt-Bankverein. Credit Suisse withdrew its bid last autumn.

Allianz never made a formal offer and, anyway, would not have taken a majority stake. Its involvement would have been a joint effort with Bayerische Hypo-Bank – like Allianz, based in Munich – and Austrian partners.

The Generali-led consortium includes Erste Oesterreichische Sparkasse Bank (First Austrian Savings Bank); Germany's Commerzbank; Banca Commerciale Italiano; and several Austrian industrial companies. The consortium has said it will also bid for the government's remaining 22 per cent of voting shares, but sell these quickly through a private placement.

The state's 70 per cent of voting shares represents 49 per cent of the total share capital. The finance ministry hopes to make a decision on the bid soon.

ING confirms interest in Budapest Bank

By Virginia Marsh in Budapest

ING Bank, part of the Dutch financial services group, yesterday confirmed its interest in acquiring Budapest Bank, following Credit Suisse's announcement on Monday it was pulling out of negotiations over the state-owned bank.

ING officials said the bank was awaiting a formal request from the Hungarian authorities to re-open talks on its bid for Budapest Bank, one of the country's big four commercial banks and only the second large Hungarian bank to come up for privatisation.

Hungary named Credit Suisse, the main banking arm of CS Holdings, as preferred bidder in December, after a closed tender. ING and Allied Irish Banks also submitted bids.

ING denied the group's purchase of Barings, the collapsed UK merchant bank, would prevent it from pursuing expansion elsewhere. It said there was "no reason at all" to suppose negotiations for Budapest Bank would be affected by the Barings acquisition, and that it had the resources and management to acquire both.

However, it said that since the December tender, ING bank had been looking at other possible acquisitions in Hungary, where it already had banking and insurance subsidiaries: Budapest Bank was just "one of the options".

Hungarian officials said they expected ING would be approached shortly.

Improved sales help lift BMW by 35%

By Kevin Done, Motor Industry Correspondent

BMW, the German carmaker, lifted net profit by 35 per cent last year, to DM697m ($500.5m) from DM516m a year earlier, on the back of higher sales in most world markets.

Group net profit included a contribution of DM12m from Rover Group, the UK carmaker taken over early last year and consolidated with effect from mid-March.

BMW, the only German carmaker to have remained in profit during 1993, is paying shareholders a bonus of DM1.5 a share for 1994 on top of an unchanged dividend of DM12.5 a share.

Separate financial figures for Rover have not been released officially, but it is understood it increased operating profit before interest and tax last year to about £100m ($62.6m) from £56m in 1993.

The BMW group achieved turnover of DM42.1bn last year, taking in Rover from mid-March.

On the same basis, vehicle production was 942,400 and deliveries to customers, 931,880. The workforce, meanwhile, totalled 109,500.

Excluding Rover, BMW group turnover rose 10.1 per cent to DM31.95bn from DM29bn. BMW car production, without Rover, rose 7.5 per cent to 573,100 from 532,960, while sales climbed 7.4 per cent to 573,950 from 534,397.

BMW raised its sales in western Europe last year by 6 per cent to 390,000, while those to the US were up 8 per cent to 84,500, and 13 per cent in Japan, to 29,000.

Group operating profits almost doubled last year, helped by an 11 per cent rise in sales worldwide to 475,500 – the highest level since 1989 – from 429,800 in 1993. Sales of Rover and Land Rover models outside the UK increased 22 per cent to 219,300.

Rover still depended for 54 per cent of its total sales volume on the UK market, where sales rose by only 3 per cent to 256,200. Rover production rose 16 per cent to 478,600 last year.

Slide in gold and metals holds Minorco profit flat

By Kenneth Gooding, Mining Correspondent

Minorco, the Luxembourg quoted natural resources group controlled by South Africa's Anglo American Corporation, returned flat earnings before extraordinary items last year, at $241m compared with $240m in 1993. Earnings per share before extraordinary items were $1.07 in both years.

Mr Hank Slack, president, described the result as "satisfactory". Performance of the various business sections varied. Industrial minerals, agribusiness and paper and packaging did well, but earnings from gold and base metals, particularly in North America, did not match those of 1993.

The Jerritt Canyon gold operations in Nevada have been restructured, resulting in an extraordinary charge of $69m. A further $25m extraordinary loss came from a write-down of expenditure at the Hudson Bay copper smelter in Canada, where a modernisation project has been deferred indefinitely.

Mr Julian Ogilvie Thompson, chairman, said Minorco would benefit in 1995 from a restructuring of its gold interests and from recent developments in its base metals and paper and packaging segments. The acquisition last October of AMCI by US Terra offshoot would make "a major contribution" to the agribusiness earnings.

Minorco adopted a calendar financial year in May following the acquisition of some assets from Anglo American. Earnings before extraordinary items for the 18 months to December 31 were $347m, or $1.54 a share, against a restated $252m, or $1.12, for the 12 months to June 30 1993. The group plans to pay dividends totalling 95 cents for the 18 months, compared with 57 cents in the previous year.

Pro forma sales in 1994 rose to $3.4bn from $2.8bn. Operating earnings surged 73 per cent to $291m, and earnings before tax were up 30 per cent at $414m.

Net cash from operating activities increased to $443m from $282m. In spite of a steep increase in capital expenditure, to $525m from $293m, and acquisition and investment costs of $537m; Minorco's financial position at year-end remained strong.

SPT Telecom up 22% pre-tax

By Vincent Boland in Prague

SPT Telecom, the Czech state telephone operator, yesterday reported a 22.8 per cent rise in pre-tax profits for 1994, and signed a $150m syndicated loan agreement with a consortium of international banks.

Preliminary pre-tax profits rose to Kc7.39bn ($262.2m) from Kc6.03bn, on revenues up at Kc22.71bn from Kc18.36bn. Costs rose to Kc15.31bn from Kc12.33bn.

SPT plans an increase in spending on modernisation this year, to Kc18bn from Kc11.2bn last year. Some of the money will come from the proceeds of the syndicated loan, a three-year multi-currency facility arranged by Crédit Lyonnais Bank Praha and Fuji Bank.

Lead underwriters of a 21-member consortium are Bank of America and WestDeutsche Landesbank. SPT had originally sought a $100m loan, but a flood of offers from international lenders convinced it to increase the facility by $50m.

The tender to select SPT's strategic foreign partner, which will take a 27 per cent stake later this year, is continuing in spite of a court order two weeks ago that it should be halted. The court upheld a complaint by Telis, a Czech telecoms company, that it had unfairly been excluded from the tender.

The government is appealing against the court order, which means it cannot be enforced yet.

Five offers for the stake have been received from international telecoms groups. The bidders are TeleDanmark, Stet International, and three consortia – Telfar, comprising Bell Atlantic and France Telecom; CeTel, involving Deutsche Telekom and Ameritech; and TelSource, composed of PTT Telecom Netherlands and Swiss Telecom.

Daf Trucks solid in first full year

By Kevin Done

Daf Trucks, the Dutch commercial vehicle maker, posted a net profit of Fl 122.7m ($78.6m) on turnover of Fl 2.27bn in 1994, its first full year of operation since it was rescued from financial collapse by the Dutch and Flemish governments in early 1993.

In the 10 months from March to December 1993, it made a net profit of Fl 10.8m on turnover of Fl 1.3bn.

The Dutch and Flemish governments own close to 50 per cent of the equity of the group, which was formed to salvage the Dutch and Belgian heavy truck operations of the former Daf group, which collapsed in early 1993 after running up accumulated net losses of Fl 879m over three years.

The Daf Trucks workforce had increased to 4,225 at the end of 1994, from 3,445 a year earlier. Of these, 2,943 were employed in the Netherlands and 1,072 in Belgium.

Truck sales rose to 21,154 last year from 10,004 in the final 10 months of 1993, while heavy truck production at the group's main Eindhoven plant surged to 11,239 from 4,957.

Daf said it expected its heavy truck production to increase by around 50 per cent this year. It forecast a 13 per cent improvement in the west European heavy truck market, to about 152,000 units.

INTERNATIONAL COMPANIES AND FINANCE

Senate panel deals blow to Viacom disposal plan

By Tony Jackson in New York and George Graham in Washington

Attempts by Viacom, the US media group, to sell its cable TV interests suffered a further setback on Wednesday when the Senate finance committee voted to block tax breaks for owners of communications companies from minority groups.

Viacom's controversial $2.3bn sale of its cable business to Tele-Communications Inc, one of the biggest US cable operators, has been structured through a holding company headed by a black businessman, Mr Frank Washington, to gain tax deferrals estimated at $640m.

The Senate committee, which handles tax issues, voted through a bill rescinding the Federal Communications Commission's minority ownership programme, with effect from January 17.

The measure, which was passed by the House of Representatives last month, now goes to the full Senate.

Because of differences between the two bills, House and Senate would then have to confer to reconcile their versions.

Viacom yesterday reiterated that the deal was conditional upon the tax breaks being allowed. "Without the tax deferment, we won't go ahead with this transaction as structured. It wouldn't make sense financially."

However, the company said it remained committed to selling its cable interests. "We will structure a transaction which makes business sense for us."

This need not be with TCI, it said. "We will have talks with anyone who is interested."

● The FCC has suffered another setback to its efforts to promote minority ownership of broadcasting and telecommunications businesses.

A Federal appeals court blocked its planned auction of PCS communications licences for small businesses, because it includes financial preferences for bidders owned by women or other disadvantaged groups.

Industry experts said the delay could kill the auction, since existing cellular telephone operators and successful bidders in the $7bn auction of broadband communications licences which ended this week will have a head start over the smaller operators targeted by the suspended auction.

Kredietbank advances 7.4%

By Lionel Barber in Brussels

Kredietbank, Belgium's third largest bank, yesterday reported a 7.4 per cent increase in group net profits to BFr10.49bn ($365m) for 1994.

The results reflected a decline in financial market activities such as currency trading, which produced record income in 1993 and a 15.1 per cent increase in net profits.

A second negative factor concerns backdated tax assessments on the valuation of shareholdings denominated in foreign currencies. The value of these shares has been affected by the weakening of currencies against the Belgian franc.

The Belgian authorities are no longer considering losses from these investments deductible against tax. Although Kredietbank is disputing this, it has decided to make a BFr2.5bn provision covering the possible tax liability

Kredietbank stressed that profits in 1994 were drawn chiefly from core businesses, in spite of "persistently slack demand for credit in the domestic market and sustained pressure on the interest margin".

The 1994 results reflected tight control on costs and a sharp decline in depreciation, write-downs and provisions to BFr6.35bn against BFr12.31bn in 1993.

Kredietbank's profits before tax were up 9.5 per cent at BFr16.8bn. The directors will propose a net dividend of BFr215 at the agm next month. This compares with a final dividend of BFr200 in 1993, along with a one-off supplementary interim dividend of BFr90 a share.

US Shoe rejects Luxottica bid

By Richard Tomkins in New York

US Shoe, the loss-making US retailer facing a $1.1bn bid from Luxottica, the Italian spectacle frame maker, yesterday rejected the offer and said it had agreed to sell its footwear business to Nine West, another US shoe retailer, for $560m in cash plus stock warrants.

It said it believed US Shoe's businesses were worth more than Luxottica had offered and it had better options available for maximising shareholder value.

US Shoe's lacklustre earnings record has put it under pressure to improve its financial performance.

Earlier this month it received an unsolicited cash offer worth $24 a share from Luxottica. The Italian company said it wanted US Shoe for its LensCrafters eyewear business and would probably sell the other operations if the takeover bid succeeded.

The LensCrafters business is the healthiest part of US Shoe: in the year to January, it increased operating profits to $14.5m from $11.2m.

Last December US Shoe agreed to sell its footwear business to Nine West for $600m in cash plus stock warrants, but in February Nine West pulled out saying the price was too high. Yesterday's deal comprises $560m in cash plus warrants to buy 3.7m Nine West shares at $35.50 a share at any time in the next 8½ years.

Liquidation of Dutch unit sought by bondholders

By Antonia Sharpe

A group of Barings bondholders yesterday asked a Dutch judge to liquidate the Dutch subsidiary of the collapsed merchant bank in a bid to get their money back.

Their action was contested by another group of Barings bondholders who believe that the liquidation of Barings BV would reduce their chances of being repaid.

The bondholders who brought the action invested in a $150m floating-rate note which Barings BV issued last year.

The FRN was declared in default last Friday by Euroclear, the international clearing and settlement house, and the holders have demanded repayment.

The group resisting the action are holders of a $150m capital note which Barings BV issued in 1986.

The note has a "flip" clause which switches liabilities for payment of creditors to Barings plc if Barings BV goes into liquidation.

The FRN holders want the flip clause to be enacted so that they become the only creditors of Barings BV.

However, the capital note holders want to remain creditors of the Dutch arm because it is more likely to repay its liabilities than its parent.

Although Barings BV was not bought by ING, the Dutch bank has indicated that in 1999 it will repay a $150m loan which Barings BV made to Baring Securities International and between 5 per cent and 20 per cent of a $93.67m loan made to Baring Brothers.

However, ING is only likely to repay £7.5m of a £100m loan which Barings plc made to Baring Brothers.

Observers said the two groups had gone to court because the ING takeover of Barings had left bondholders out in the cold.

They noted that investors who had participated in a £100m perpetual subordinated note which Barings plc issued last year were unlikely to see a penny.

London 'controlled Leeson trading'

By William Lewis in Singapore

The trading activities of Mr Nick Leeson were "managed and controlled" by Barings staff in London, according to two key Singapore-based Barings executives.

Mr Simon Jones and Mr James Bax, both formerly directors of Baring Futures (Singapore), the subsidiary whose losses led to Barings' collapse, said that the bank's London-based financial products division supervised Mr Leeson's Singapore trading activities. Both deny Mr Leeson reported to either of them on the trades he carried out on Simex, the Singapore futures exchange.

In letters to The Straits Times, the Singapore newspaper, the lawyers of both executives said: "Mr Leeson's trading activities on Simex were managed and controlled by the financial products group of Barings in London." The letters said Mr Leeson reported on these activities "to them", not to Mr Bax or Mr Jones.

The statements, in response to an article published in the newspaper on Wednesday, represents the first public comments by either executive since Barings' collapse last month. It puts the spotlight on the role played by Mr Ron Baker as head of the financial products group at Barings in London. Shortly before Barings collapsed, Mr Baker was named to its investment banking management committee, but he has no role in the senior management structure introduced by Internationale Nederlanden Groep, Barings' new owner.

Mr Bax and Mr Jones are represented by different lawyers but their statements are largely the same.

Mr Wee Pan Lee, Mr Jones' lawyer, said that his client did supervise Mr Leeson "regarding minor administrative matters". However, "Mr Leeson neither reported to, nor was supervised by, Simon Jones regarding his trading activities".

Mr Jones' lawyer also states that Mr Leeson reported "daily" on his Simex trading activities to the financial products group "and at no time to Simon Jones". Mr Bax's lawyer states: "It was also to them that Mr Leeson reported to on these activities, not to Mr Bax."

Before Barings' collapse, Mr Bax held the post of managing director of BFS while Mr Jones was also a director. Mr Leeson acted as general manager of BFS. Mr Bax and Mr Jones were also directors of Barings Securities (Singapore).

Mr Jones and Mr Bax have not been appointed directors of the successor company to BFS. ING said it would "try to make use of his [Mr Bax's] great knowledge of the securities business". Mr Jones' role is apparently "still to be worked out", his lawyer said yesterday.

BARINGS

Mr Jones and Mr Bax have been questioned by investigators in Singapore and have submitted statements to the high court giving details of their roles at BFS.

According to one investigator, Mr Bax's role at BFS "is best described as theoretical responsibility without influence". He was asked to keep "an eye" on the subsidiary but played a limited role in day-to-day affairs.

Details contained in an internal audit report into BFS last year appear to indicate Mr Jones played a more significant role than Mr Bax. The report contains one "management response" statement written by him and two co-written with Mr Leeson.

In the one written by Mr Jones he states: "As discussed with Internal Audit, current and compliance issues do not warrant a full-time officer for BFS".

In another, written with Mr Leeson, it was agreed that Mr Leeson would "with immediate effect... cease to perform the functions itemised" which included "daily review and sign off of Simex reconciliations".

● Simex said Baring Futures International, the new company registered this week by ING, must reapply for membership on the exchange and arrange to buy a seat, Reuter reports.

● Swiss banking authorities said they had lifted all restrictions on operations of Banque Baring Brothers (Suisse), Barings' Geneva-based subsidiary, Reuter reports.

Simex relied on bank's good standing

By Laurie Morse in Boca Raton, Florida

Mrs Elizabeth Sam, chairman of the Singapore International Monetary Exchange, said yesterday Simex officials had not questioned the explanation of Baring Futures (Singapore) about the futures positions Mr Nick Leeson was accumulating because it relied on the UK bank's good name and credit standing.

Mrs Sam repeated Simex's explanation of why the exchange did not intervene and force Baring to reduce its market exposure, in spite of growing alarm on the part of exchange officials at the size of the positions.

Although Baring's positions in Simex Nikkei 225 futures are believed to have accounted for as much as 15 per cent of the Simex market, Mrs Sam said market manipulation was not a real concern for the exchange, because the Japanese stock index futures contract is reconciled in cash, rather than shares. Although Simex imposes limits on position size, she said the exchange regularly granted Baring requests for higher limits.

> "We have learned not to accept explanations at face value" – Elizabeth Sam, Simex chairman

Mrs Sam said Simex accepted oral and written explanations from Baring and never independently contacted the Osaka Securities Exchange to verify Baring's explanation that its Singapore exposure was an arbitrage position offset by positions held there.

"Whether one checks or not to a large extent is a question of judgment," she said. "I have to say in this respect that our people believed Barings."

She said: "Baring Securities was very big in the Nikkei market, and derivatives trading is a complementary activity. Futures positions are always relative to the firm and what they do.

"We have learned not to accept explanations at face value notwithstanding the firm." Mrs Sam said. "If this incident has highlighted anything, it is the importance of exchanges being able to communicate with one another."

Mrs Sam said beginning on January 11, Simex drew Baring's attention to the size of the Singapore futures position and made it clear that there were related financial obligations. She said throughout these discussions, held initially with Baring officials in Singapore, Baring said it was aware of the situation.

Similar assurances were delivered by Mr Anthony Hawes, Barings group treasurer, who met Simex on February 8 to discussion the situation. From Simex's point of view, the best evidence the situation was in order was that Baring met margin calls, in amounts of hundreds of millions of dollars, right up to Monday February 27, when the bank went into administration.

Mrs Sam said: "If a company does not have good internal controls, no amount of regulation will correct that."

Simex, however, was drafting a new rule that would prohibit member firms from allowing heads of trading to also have trade settlement responsibilities.

Mr Leeson had both responsibilities.

KKR quietly takes its leave of an era of greed

By Richard Tomkins in New York

The barbarians at the gate must be wishing they had never entered it. At any rate, they are quietly going out through it again.

In what is being seen as an ignominious codicil to the "greed" era of the 1980s, Kohlberg Kravis Roberts, the Wall Street investment firm, is giving away its stake in RJR Nabisco, the US tobacco and food group it bought at the climax of the leveraged buy-out boom.

It is handing over its last remaining 111.6m shares in RJR Nabisco, equivalent to 8 per cent of the equity, to Borden, the ailing US food company it bought in last December. Borden intends to sell the shares to help finance a restructuring.

KKR's $25bn purchase of RJR Nabisco in 1989 was not only the biggest takeover in corporate history. It also came to be seen as the defining moment of a decade of excess, in part characterised by the very large prices companies were paying to acquire one another.

KKR took over RJR Nabisco at the end of a bitter six-week battle in which it outbid a group controlled by RJR's own chairman with an offer financed almost entirely by junk debt. The battle spawned a best-selling book called *Barbarians at the Gate*.

KKR's initial equity stake in RJR Nabisco was just $1.35bn, but it had to inject another $1.7bn to refinance some high-yielding debt when the junk bond market foundered in 1990.

A year later, it diluted its stake to 39.9 per cent by selling 100m new shares in RJR Nabisco in an initial public offering.

On average, KKR paid a price of $5.62 a share for RJR Nabsico's equity. Yesterday, the shares were down $¼ at $5⅝,or $5.625: so, leaving aside any value attributable to the Borden investment, KKR has so far shown a gross return on its investment of approximately zero.

One reason for the poor performance of the investment is the high price paid for RJR Nabisco in the first place. But KKR was also unlucky: it could not have foreseen the price war in the US cigarette market triggered by Marlboro Friday in 1993, nor the unprecedented barrage of regulatory and legal threats that have battered the industry since.

Last year KKR gave the first indication that it intended to withdraw from RJR Nabisco when it traded $1.9bn worth of its RJR Nabisco shares to acquire Borden, reducing its stake to 17.5 per cent.

Once the takeover was complete, it started handing over RJR Nabisco shares to its new subsidiary so that Borden could sell them to raise funds.

Late on Wednesday evening, Mr Henry Kravis and Mr George Roberts, KKR's founding partners, said: "We have decided that our investors would be better served by consolidating our equity position in Borden, a company which we wholly own, rather than a small minority investment in RJR."

In its way, it was the end of an era.

Ahold posts 19.4% rise to Fl 409.5m

By Ronald van de Krol in Zaandam

Ahold, the Dutch-based food retailer with operations in Europe and the US, reported a 19.4 per cent rise in 1994 profit yesterday and announced long-term ambitions to expand into south-east Asia.

The company, whose annual turnover is split roughly evenly between European and US operations, said net profit rose to Fl 409.5m ($260.8m) from Fl 343.1m, on a 7 per cent rise in turnover to Fl 29.0bn.

Mr Cees van der Hoeven, president, attributed the increase to higher operating profits.

For the first time, Ahold's activities in the Czech Republic reached break-even in the fourth quarter, although once again there was a slight operating loss in the country for the year as a whole.

For 1995, he predicted that both operating profit and turnover would rise in local currency terms in the Netherlands, Europe and the US, producing higher after-tax profit for the group.

The 1994 dividend is to be raised to Fl 0.77 plus $0.30 from Fl 0.62 plus $0.23.

The increase outstrips the 12.7 per cent rise in earnings per share to Fl 3.46, reflecting the company's aim to raise its pay-out ratio.

The company said it had set up a department to investigate opportunities in Indonesia, Thailand, Malaysia, the Philippines, China and India.

Ahold said expansion in Asia could be achieved by either acquisitions or joint ventures.

Mr Edward Moerk, member of Ahold's executive board, said south-east Asia could account for about 10 per cent of group turnover in 10 years.

However, he stressed that it could take some time before Ahold concluded its first deal in Asia.

Varig back in the black after sharp rise in traffic

By Angus Foster in São Paulo

Varig, Latin America's largest airline, yesterday announced a swing back to profit thanks to cost savings and a sharp rise in traffic in its home Brazilian market.

Varig, which a year ago temporarily suspended lease and debt payments because of mounting financial problems, announced profits after tax of R$170m ($188.9m) in the year to December 31, against a loss of R$273m for the previous year.The company said it was benefiting from greater efficiencies and growing demand.

Varig's workforce has been cut to 21,100, a 15 per cent fall from a year ago and down 25 per cent since 1991. The company has also suspended services on 13 loss-making or unprofitable routes, including 11 international services.

Its fleet has fallen from 85 to 75 aircraft. During the year, General Electric of the US took over the leases on six Boeing 767-200s as part of a refinancing which saw GE and McDonnell Douglas gain seats on the Varig board.

Demand on Varig's domestic routes grew sharply during the second half of the year following the successful launch of Brazil's new Real currency. The number of passenger kilometres transported, which had fallen almost 10 per cent in the first half of the year, recovered 7.4 per cent in the second half.

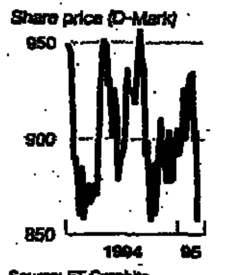
International traffic, which was flat in the first half, grew 8.6 per cent in the second. International cargo traffic increased 15.8 per cent.

NEWS DIGEST

Linde increases payout after 38% gain in earnings

Linde

Share price (D-Mark)



Source: FT Graphite

Linde, the German engineering, gases and refrigeration company, yesterday announced a 38 per cent rise in earnings to DM246m ($177m) for 1994 and gave further details of its rights issue which will raise DM840m, writes Andrew Fisher in Frankfurt. It is also increasing its dividend to DM15 a share from DM14, restoring the cut made after 1993 earnings fell sharply. Pre-tax profits last year rose by 28 per cent to DM471m.

The company benefited from last year's recovery in the German economy, with turnover up by 11 per cent to almost DM7.99bn.

New order inflow increased by 10 per cent to DM8bn. Linde said it benefited from improved capacity utilisation – especially in materials handling equipment – as well as cost-cutting measures throughout the company.

Linde, one of whose leading products is fork-lift trucks, said its previously announced rights issue would be priced at DM600 a share to raise DM840m; this is a big discount on yesterday's closing price of DM855.

The subscription period will be from March 23 to April 5, with shares offered on a one-for-five basis.

Securum stages sharp swing back to profit

Securum, the Swedish state-owned company set up to liquidate Nordbanken's bad loans, made SKr5.51bn ($766m) profit in 1994, a dramatic swing from losses of SKr16.1bn in 1993, writes Christopher Brown-Humes in Stockholm .

The main contribution was a SKr5.45bn capital gain, arising from the sale of Securum's stake in Nobel Industries to the Dutch group, Akzo. The move created Akzo Nobel, one of the world's leading speciality chemicals groups.

The turnround also shows the progress the group has made in converting its loan portfolio into assets, and then restructuring them to maximise returns.

Assets totalling SKr7.2bn were liquidated last year, and cash flow from operations was SKr1.04bn, compared with a negative SKr878m a year earlier.

Securum, set up with SKr24bn in equity in early 1993, hopes to return at least SKr10bn to state coffers by the time its disposal programme is completed early next century.

Cost-cutting and capital gains lift Celsius

Celsius, the Swedish defence group, lifted income after financial items to SKr904m ($125.7m) in 1994, compared with SKr726m a year earlier, writes Christopher Brown-Humes.

The result included SKr169m in capital gains, arising mainly from the sale of the group's stake in Safe Partners, an offshore company.

The company said its cost-cutting programme had helped to lift operating profits to SKr788m from SKr353m. But bond market turbulence cut returns on its money market portfolio, lowering financial income to SKr116m from SKr373m.

Sales rose by SKr500m to SKr13.7bn, although on a like-for-like basis they were down 4 per cent. The order intake increased to SKr12.5bn from SKr11.6bn.

The group warned its 1995 figures would not be as good, due to uncertainties over Swedish defence and export orders and poor profitability within the Celsius Tech System unit.

The dividend meanwhile is being lifted to SKr7 a share from SKr6.50.

Du Pont helps Seagram post 30% advance

Seagram, the international drinks, chemicals and energy group, posted a 30 per cent gain in fourth-quarter net profit to US$191m, or 52 cents a common share, from $147m, or 40 cents, a year earlier, writes Robert Gibbens in Montreal.

Earnings for the year ended January 31 1995 almost doubled to $736m, or $1.98, from $379m, or $1.02 in the previous year.

Fourth-quarter revenues from the drinks business rose 12 per cent to $2.23bn from $1.99bn, and increased 6 per cent to $6.4bn from $6bn for the year.

In both periods, Seagram's net profit included dividends and equity in unremitted earnings of Du Pont, the US chemicals and energy group in which it holds a 24 per cent interest.

Seagram said the gains in the year were attributable to a record performance by Du Pont and strong wine and spirits operations worldwide.

The full-year results included special charges equivalent to 37 cents a share.

Mr Edgar Bronfman Jr, president, said the company's international premium brands continued to grow and improve market share in spite of strong competition.

The Tropicana juice business also improved overall with a 7 per cent sales gain to $1.4bn, but profits slipped because of aggressive price competition in some products.

Rhône-Poulenc offer for remaining ADS capital

Rhône-Poulenc, the French chemicals and pharmaceuticals group, is launching an offer to buy its remaining 70,200 participating American depositary shares, non-voting instruments with preferential dividend rights, writes John Ridding in Paris. The offer, at $17.50 a share, will expire on April 13.

It represents the final step in buying up the shares, which were issued in 1989 as a way of raising capital without affecting the voting control of the French government.

An offer in 1993, which coincided with the partial privatisation of the French group, saw the exchange of 98.5 per cent of this category of shares. Rhône-Poulenc was fully privatised in the autumn of 1993.

PWA plans common stock consolidation

PWA, parent of Canadian Airlines International, is offering to exchange 20 of its common shares for one new share. The aim is to reduce the total issued and bring market value to C$9-C$10 a share, against the current 50 cents, writes Robert Gibbens.Investors could also buy the stock on margin.

The consolidation would reduce outstanding shares to 50m from 1bn – a figure which resulted from the company's crisis during the recession and its refinancing programme.

Canadian Airlines expects to return to profitability this year.

PWA also plans to change its name to Canadian Airlines Corp. It is 25 per cent held by American Airlines.

Hellenic Bottling advances 30.2%

Hellenic Bottling Company, the Coca-Cola franchise-holder for Greece, Northern Ireland and Bulgaria, reported a 30.2 per cent rise in pre-tax profits for 1994 to Dr25.9bn ($110.2m), writes Kerin Hope in Athens.

HBC said consolidated sales last year increased by 20 per cent to Dr140bn.

Profits from Bulgaria and Northern Ireland were up by 45 per cent to Dr4.5bn, helped by improved efficiency at the company's five bottling plants in Bulgaria, operated as joint ventures with local partners, and an expanding distribution network there.

HBC, which also produces fruit juices and bottled water in Greece, is expanding into beer production in Bulgaria through a joint venture with Athenian Breweries, the Heineken affiliate in Greece.

The joint venture, Brewinvest, has acquired Zagorska Brewery, which will make Heineken and other beer brands in Bulgaria, to be marketed through HBC's distribution network.

HBC is controlled by the Cypriot-owned Leventis Group, which also holds Coca-Cola franchises for Nigeria and parts of Romania and Russia.

Cummins and Wartsila in diesel venture

Cummins Engine of the US and Wartsila Diesel International of Finland have formed a venture to produce two new diesel and natural gas engines at plants in Europe, Reuter reports from Columbus, Ohio. The venture, named Cummins Wartsila Engine, will begin production of one of the engines in May.

Mr Iain Barrowman, formerly director of manufacturing for Cummins in the UK, was named president of Cummins Wartsila.

The company will design and manufacture two new heavy-duty, high-speed diesel and natural gas engines aimed at the marine and auxiliary power, mining, rail, oil and gas markets.

The first new engine will range from 3,000hp to 6,000hp and will be produced in Mulhouse, France. The other, ranging from 750hp to 3,600hp, is scheduled for production in early 1997 at Daventry in the UK.

New bond indices from BZW Australia

BZW Australia, part of the UK-based investment banking group, yesterday launched a new family of bond indices, writes Nikki Tait in Sydney. BZW claims the new indices will provide the first intra-day markers for the country's fixed interest markets, capable of being replicated by fund managers,

Existing bond market indices tend to based on a comprehensive range of securities, but include illiquid stocks, and are re-priced fairly infrequently.

The new indices will exclude corporate and asset-backed bonds as well as those with a duration of less than one year, and will be re-priced nine times each day. The new indices will be displayed via the Bloomberg system.

INTERNATIONAL COMPANIES AND FINANCE

Evergreen optimistic despite fall in earnings

By Laura Tyson in Taipei and agencies

Evergreen Marine, the Taiwanese shipping line, yesterday said decreasing capacity led to a fall in its turnover and profit in 1994, but that the outlook for 1995 was brighter.

Evergreen, the world's second biggest container shipping company, reported a decline in net profit to T$2.57bn (US$98m) in 1994 from T$2.81bn a year earlier. Turnover dropped to T$29.2bn from T$31.3bn in 1993.

The board proposed a T$1.0 stock dividend and 50 cents cash dividend for 1994.

Evergreen Marine sold 10 container vessels to Uniglory Marine, an affiliate of the Evergreen group, last year, reducing its own operation capacity.

Evergreen Marine now has 24 ships and the Evergreen group about 75 ships.

Evergreen Marine has said it will take delivery in 1996 of five container vessels, each with a capacity of 4,900 TEUs (twenty-foot equivalent unit) each.

Evergreen was cautious about a government plan to allow direct shipping links from Taiwan to mainland China for the first time since 1949. It said the plan was too vague.

Mr Liu Chao-shiuan, minister of transportation and communications, said this week that ships would be able to sail from Taiwan's international ports of Keelung, Taichung, Kaohsiung, Suao and Hualien. The plan stipulates that only foreign-registered ships may sail from Taiwan to China. It also includes foreign-registered ships owned by Taiwanese.

Direct links have been banned since 1949, when the ruling Nationalist party lost the civil war in China and fled to Taiwan. Currently, trade, investment and other contacts are routed through third territories, such as Hong Kong.

Suzuki Motor backs Santana production

Suzuki Motor said it would continue production at Santana Motor's plant in spite of giving up its stake in the Spanish carmaker, Reuter reports from Tokyo. "Production at Santana is important to our European sales," a spokesman for Japan's top mini-car maker said.

On Wednesday, Andalucia's regional government said it had taken control of Suzuki's 83.7 per cent stake. A government spokeswoman said the temporary move was designed to protect the public interest and that of Santana. She said the government was negotiating with several groups to ensure a future for the company.

Suzuki, in which General Motors of the US has a 3.2 per cent stake, will continue to supply technical assistance and components to Santana for five years at least.

Ayala Land profits advance 62%

By Edward Luce in Manila

Ayala Land, the Philippines' largest property developer, boosted net profits in 1994 to 2.16bn pesos ($83m), an increase of 62 per cent over the previous year's earnings.

Benefiting from a buoyant property market, Ayala Land, which is a 60 per cent owned subsidiary of Ayala Corp, the Philippines' largest holding company, increased its consolidated revenues last year by 96 per cent to 8bn pesos.

Stockholders' equity rose by 21 per cent in 1994 to 11.6bn pesos on the back of the company's improved performance.

Ayala Land's B shares closed at 30 pesos yesterday, slightly up from the previous day.

The real estate company, which owns swathes of Makati and Ortigas, Manila's two business districts, sold 3.6bn pesos of land last year, making up 45 per cent of revenues.

Rentals from newly opened shopping malls, including the Ayala Center in Makati, grew by 28 per cent to 1.3bn pesos.

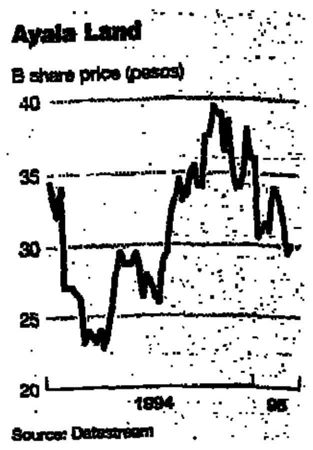
Residential and condominium sales generated 1.1bn pesos.

In spite of coming second to Metro Pacific earlier this year in the bidding for the country's largest land sale at Fort Bonifacio, a 214 hectare site adjacent to Makati, Ayala Land expects earnings to continue rising in 1995 to comfortably exceed the 6.5 per cent growth in gross national product forecast for the Philippines economy.

The company's assets were recently evaluated at 24bn pesos.

Ayala Land

B share price (pesos)



Source: Datastream

Miners fall on Irian Jaya's riches

Freeport chooses RTZ as partner in Indonesia, writes Kenneth Gooding

High in the rugged mountains of Indonesia's Irian Jaya province, in some of the most inhospitable terrain on earth, lies one of the world's great mineral deposits.

Its 13m reserves of copper are the world's fourth largest, and the reserves of gold, at 40m troy ounces, are second only to those of the phenomenal Sukhoi Log in Siberia.

These riches, and a surrounding prospective area the size of Switzerland that is as yet virtually unexplored, are ultimately owned by Freeport McMoRan, the US resources group.

As the potential of Freeport's Indonesian operations gradually became clear, envious rival mining groups started to knock at the door, asking for some of the action.

That clamour will now cease.

Freeport has invited RTZ Corporation, the world's biggest mining company, into the Indonesian project on terms that effectively shut out every other group.

RTZ is to pay between $450m and $875m for a substantial interest in Freeport-McMoRan Copper & Gold, the subsidiary that owns 86 per cent of the Indonesian mine. The UK group also gains the right to invest up to $850m in exploration and development projects on the surrounding land.

Freeport's decision to let RTZ in has more to do with its need for cash than anything else. However, apart from a strong balance sheet, RTZ also brings with it vast experience in large open-pit copper ore bodies such as Bingham Canyon in Utah, Palabora in South Africa and Escondida in Chile, that might well be useful as Freeport's mine grows into one of the largest man-made holes in the world.

The US company's urgent requirement for cash stems from its remarkable good fortune to find not one but two massive natural resource deposits.

Freeport has been in Indonesia for 20 years, the first foreign company to invest in the country under President Suharto's new government and long before the merger with McMoRan. It was attracted by the Ertsberg mountain which had a huge outcrop of copper.

It took extraordinary vision, millions of dollars and an incredible feat of engineering to build the Ertsberg mine, which eventually went into

James Moffett: revised plan after restructuring go-ahead

production in 1972.

To reach the copper Freeport built a 104km road from the swamp lands on the totally undeveloped southern Irian coast up into the glacier capped mountains. It built a town, Tembagapura, some 2,500 metres above sea level to provide homes for 7,400 mine employees.

A mill was constructed and the longest single-span aerial tramway in the world was built to connect it with the mine site.

A 115km slurry pipe was laid to carry copper from the mill to the port that the company carved out of the jungle below and from where copper in concentrate (an intermediate material) is shipped to smelters, mainly in Japan.

When Ertsberg began to reach the end of its reserves, Freeport searched for more minerals and discovered them 3km away in the Grasberg mountain, where the 13m tonnes of copper and 40m ounces of gold have been located to date.

"It has been suggested that we have the equivalent of two major oil companies in one," says Mr James Moffett, Freeport McMoRan chairman, never one to understate his case. "Not only do we have a substantial outflow of copper and gold, but we can sustain that from the present reserves for 23 years from 1996."

Mr Moffett, known in the industry by his nickname, Jim-Bob, suggests there is much more copper and gold to be found in the 6.5m acres around Grasberg over which Freeport has exclusive mineral rights.

"This deposit [Grasberg] is an omen of what may be in the rest of the mountainside there. It's like the first big [oil] discovery in the North Sea or the first big discovery in the Gulf of Mexico."

It was in the Gulf of Mexico, on the doorstep of Freeport's headquarters in New Orleans, that the group made its other important find – Main Pass, the first sulphur deposit discovered in 25 years and the largest in North America.

> Freeport's decision to let RTZ in has more to do with its need for cash than anything else

Freeport's jubilation about the success of its exploration efforts was muted by the realisation that it would cost at least $1bn to develop the discoveries to the point where they would generate cash flow and profits. It was already deep in debt from acquisitions made to replace cash flow from two 30-year-old sulphur mines that went out of production at the end of the 1980s.

Freeport sold assets and raised more money in all sorts of innovative ways to cover the cost of developing its discoveries.

At Grasberg, as more and more reserves were located, expansion after expansion was approved – the present scheme will cost $700m and take annual output from the present level of 320,000 tonnes of copper to 500,000 tonnes, and from 800,000 ounces of gold to 1.5m ounces.

About 18 months ago, following the exit of Freeport's president Mr Milt Ward (who became chairman of Cyprus Amax, another big US copper producer) Mr Moffett approached RTZ, suggesting the UK group take a stake in the exploration area in Indonesia. Mr Bob Wilson, RTZ chief executive, said he would prefer also to have an interest in the production operations. Mr Moffett came back with a revised plan in November – which will enable RTZ to share in any future expansion of the existing mine – after the US authorities had given the go-ahead for a restructuring of Freeport McMoRan.

The RTZ deal, announced on March 8, will involve the UK group providing at least $450m cash and will provide Freeport McMoRan with the necessary funds to complete the refinancing of its liabilities and remove the last obstacle to completion of the restructuring.

And, as Mr Moffett points out, "RTZ's funding of future expansion at the Indonesian operations will free substantial cash flow to be generated by the present expansion programme."

Mr Wilson says that the most likely outcome of the complex arrangements is that RTZ will pay $525m for 12.2 per cent of Freeport Copper & Gold. RTZ will have representatives on the Freeport Copper board and on an operating committee, and the two companies will set up a joint Indonesian exploration company. RTZ will have 40 per cent of the company but fund the first $100m of expenditure.

If the Grasberg mine is further expanded, RTZ will have a 40 per cent share and provide all the funds required, up to $750m.

Mr Wilson has frequently emphasised that RTZ's main strategic objective is to acquire interests in low-cost, long-life, world class mineral deposits.

In copper, it owns Bingham Canyon and has a 30 per cent stake in Escondida, the world's largest copper mine. While RTZ prefers to own and operate its assets, the deal with Freeport is in line with the group's strategy.

He says: "RTZ's strategic objective is to have a stake in the best minerals resources in the world – and this is one of them. This is an important deal for RTZ. It might turn out to be one of the best we have ever done. We will now speed up exploration and hope to find the extra reserves we will need to expand production at Grasberg again."

Optus doubt over float date

By Nikki Tait in Sydney

Optus, the Australian telecommunications group which was set up in competition to the federal government-owned Telecom in 1992, said yesterday that it did not view the flotation of a portion of its equity on the Australian stock market as feasible in mid-1995.

The company is currently owned by a mixture of institutional and corporate investors, including Cable & Wireless of the UK, and last year appointed County NatWest Securities to advise on the floatation.

It had never set a date for a stock market launch, but the mid-1995 timing had been widely mooted and not discouraged.

However, Mr Bob Mansfield, Optus chief executive, said yesterday that "mid-1995 is certainly not practical" for a stock market launch.

He did not rule out the possibility of coming to the market later in the year, and emphasised that the company would definitely list its shares at some stage.

Optus indicated that one of the considerations bearing on the float timing would be the status of its Optus Vision joint venture.

This is an ambitious project to lay a national cable network across Australia, which could then be used both for the delivery of pay-TV and local telephony services.

At the moment, however, Optus Vision is at the fledgling stage. "The question is, is it smarter to have Optus Vision a bit more in existence before the float" – and that, Mr Mansfield said, is one of the questions the board is grappling with.

Murdoch to launch Asian satellite radio service

Star Radio, Mr Rupert Murdoch's Asian satellite radio service – described as computer-produced, "middle of the road" music with no egos and no news – will begin broadcasting on March 30, Reuter reports from Hong Kong.

The station, a sister of pan-Asian broadcaster Star TV which is 64 per cent owned by Mr Murdoch's News Corp, will start with a Mandarin Chinese service over north Asia and an English service over south Asia and the Middle East. It will in effect be wholesale music programming that radio stations can rebroadcast around their own format, and will initially draw revenue from advertising.

The decision not to include news follows problems with the TV station last year. Star TV axed BBC World Service Television from its broadcasts over north Asia because, as Mr Murdoch eventually admitted, they offended China. Star TV this year is adding less sensitive business news to its line-up.

Star Radio will use spare capacity on Asiasat not used by Star TV's music channel.

COMPANY NEWS: UK

US acquisition disappointed with fall in profits to $106m

Reckitt & Colman lower

By Roderick Oram

Reckitt & Colman, announced a drop in pre-tax profits for 1994 from £256.9m to £160.2m after exceptional items.

It eked out a slight increase in sales and profits from its household product, toiletries and over-the-counter drugs last year and warned yesterday that conditions would be equally tough this year.

It pinned its hopes on deriving the first benefits from L&F Household, the US household product group it bought from Eastman Kodak at the end of last year for £1bn. L&F's profits slipped from $119m last year to $106m (£66.4m). The integration will take time, as will the restructuring of its continental Europe operations.

Emerging markets, particularly Brazil, South Africa and several countries in south east Asia brought the fastest growth, while Europe and North America languished.

Group operating profits before exceptional reorganisation costs were £308.4m (£305.5m). Within that, household products and toiletries profits were £198m with underlying growth of 3 per cent. Sales were up 1 per cent at £1.43bn. The group is intensifying product innovation and speedier roll-outs of products across markets. Pharmaceutical operating profits were £53m, showing an underlying decline of 12 per cent. Sales at £220m enjoyed underlying growth of 8 per cent.

This year will see further development of key brands and new markets .particularly in emerging markets where Dettol, for example, is a fast growing brand.

Food profits were up 6 per cent at £45m on sales of £365m, up 2 per cent. The upturn came in US operations which the group will retain despite the UK food sale. The US operation The group proposed a final dividend of 11.8p (11.1p). With a bonus from the rights issue, shareholders will receive a total of 18.75p (17.55p). Earnings per share were 21.32p (43.95p) including exceptionals and 44.97p (42.63p) fully diluted without them.

● Sir Michael Colman, whose name means mustard, is to step down as chairman of Reckitt & Colman, ending his family's seven-generation, 182-year connection with the condiment.

"It is the end of an epoch both for the business and the family", he said yesterday as he introduced his successor: Mr Alan Dalby, a Glaswegian-born, North American-trained veteran of the pharmaceutical industry who takes over in August.

FKI makes $64.4m acquisition

By Tim Burt

FKI, the electrical engineering and components group, is expanding in North America with the $64.4m (£40.3m) acquisition of Amdura, the US lifting equipment manufacturer.

Shares in FKI rose 4p to 142p yesterday after it said the deal would enhance its existing materials-handling business, which already produces chain and lifting equipment.

The move follows two months of talks with Delaware-based Amdura, the parent company of Crosby Group and Harris Waste Management, which has agreed a $2.30 a share offer from FKI.

The integration of Crosby – claimed to be the world's leading manufacturer of forged lifting blocks – and Harris, the largest producer of shears and balers for the scrap metal business, will tip the balance within FKI further towards its North American operations. Last year, the group derived more than half its £60.4m operating profits from such US subsidiaries.

Investors holding 66.5 per cent of Amdura have already accepted the offer, and FKI said it would launch a restructuring aimed at doubling margins at Crosby and Harris once the deal was completed.

"Cost reductions, productivity improvements and increased prices will be used to raise margins to the 10 per cent level achieved elsewhere in materials handling," it added.

Last year Amdura reported pre-exceptional operating profits of $7.2m (£4.5m) on sales of $144.8m (£90.5m).

The group is funding the deal with debt, which is expected to push net borrowings close to £100m.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Antofagasta	Yr to Dec 31	90.6	(86.7)	38.3	(23.1♠)	21.2	(14.7)	3.55†	June 15	3	5	4.2
British Mohair	Yr to Dec 31	46.5	(39.3)	3.12	(1.47)	15.47	(7.39)	7.6	May 22	7.1	9	8.5
Davis Service	Yr to Dec 31	322.2	(280)	25.4	(21.8)	16.98	(15.49)	5.63	-	5.25	8.5	7.98
Dawsongroup	Yr to Dec 31	61.3	(53.3)	11.2	(7.92)	24.2	(17.3)	3.7	June 23	3	5.5	4.5
Era	Yr to Dec 31	74.6	(74.3)	1.31	(0.83L)	1.36	(1.3L)	nil	-	nil	nil	nil
Gander φ	13 mths to Jan 31	2.75	(-)	0.299♠	(0.221L♠)	0.13	(0.79L)	-	-	-	-	-
Green (Ernest) §	6 mths to Dec 31	4.15	(3.66)	0.322	(0.207)	1.9	(1.8)	2.4	May 4	2.75	-	6
Kwik-Fit	Yr to Feb 28	297.6	(260.1)	29.3	(25.4)	11.89	(10.39)	2.7	May 8	2.3	4.4	3.8
Legal & General	Yr to Dec 31	-	(-)	164.9	(181)	22.68	(30.53)	14.75	June 1	13.6	21.7	20.1
Moorfield Estates §	Yr to Dec 31	6.76	(4.92)	1.26	(0.494L)	2.13	(2.86L)	0.5	April 27	nil	1	nil
OGC Intl	Yr to Dec 31	269.6	(217.1)	12.9	(11.2)	13.55	(11.96)	3.9	June 14	3.5	5.75	5.25
Pochin's	6 mths to Nov 30	19.24	(15.64)	1.03	(0.836)	76.1	(56.2)	8	Apr 24	8	-	32
Reckitt & Colman	Yr to Dec 31	2,079	(2,096)	160.2♠	(256.9)	21.32	(43.95)	11.8	July 6	11.1	18.75	17.55
Sanderson Bramall	Yr to Dec 31	413.4	(223.1)	8.44♥	(3.77)	19.27	(10.09)	2.3	May 1	1.74	3.5	2.4
Sirdar	6 mths to Dec 31	30.9	(27.6)	3.01	(2.61)	3.62	(3.41)	1.79	May 9	1.72	-	5.42
Spandex §	Yr to Dec 31	68.66	(59.15)	7.1	(5.45)	14.3	(10.7)	1.75	July 14	1.633*	2.5	2.333*
TeleWest □	Yr to Dec 31	72	(40.3)	65.2L	(36.6L)	11	(-)	-	-	-	-	-
Tibbury Douglas	Yr to Dec 31	406.3	(361.3)	15.2	(20.9♥)	30.2	(46.2)	22.5	July 14	22.5	33	33
United Biscuits	Yr to Dec 31	3,430	(3,445)	133.8♠	(116.7♥)	16.7	(12.8)	9.8	July 3	9.8	15.3	15.3
Virtuality	Yr to Dec 31	9.58	(5.27)	1.4L	(0.365L)	5.3L	(1.7L)	-	-	-	-	-
Wetherspoon (JD)	6 mths to Jan 31	31.6	(20.6)	4.76	(2.62)	12.4	(8.2)	2.75	May 18	2.2	-	6.6

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BZW Endowment	6 mths to Jan 31	102	(98.3☆)	0.094L	(1.17L★)	0.47L	(5.85L★)	-	-	-	-	-
F&C High Income	6 mths to Dec 31	65.9	(61.6)	0.497	(0.374)	1.66	(1.25)	1.2	Apr 28	1.2	-	2.7

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. ♠After exceptional charge. ♥After exceptional credit. §USM stock. *Equivalent after allowing for scrip issue. φRule 4.2; comparisons for 12 months. □Pro forma. ☆At July 31. ★For 4½ months.

Saatchi stunt fails to impress holders

By Diane Summers, Marketing Correspondent

The lights dimmed, an amplified Gregorian chant filled the room, and shareholders looked around nervously. Was the ghost of former chairman Mr Maurice Saatchi about to enter? Or was it perhaps his adversary, Mr David Herro, beaming across from Chicago to Saatchi & Saatchi's extraordinary meeting in London?

A few seconds later the suspense was over as the board carrying the Saatchi & Saatchi name, positioned over the directors' heads, unfolded to reveal the holding company's new name: Cordiant.

The stunt came after a positive vote by shareholders in favour of the name change.

Not that all the beleaguered small shareholders present were wholehearted about the transformation. "It sounds like a vacuum cleaner business," observed one. Another couldn't understand why the company seemed ashamed these days to be called Saatchi & Saatchi.

Mr Charlie Scott, chief executive and acting chairman, patiently explained that the sharing of the Saatchi name by the holding company and the advertising agency subsidiary caused confusion and consternation – not least in his own household. Indeed, his baby daughter had been sick all over him just as the radio was announcing that a woman called Jennifer Laing had landed his job (she is the new chairman of the Saatchi advertising subsidiary in London).

Then came the vote on a series of performance-related pay packages. No problems there.

Then came the moment small shareholders had really looked forward to: the chance to make directors squirm about the ousting of Mr Maurice Saatchi in December. The floor seemed divided on whether it had been a good thing or a bad thing.

The strongest sentiment was that lawyers should not be allowed to gobble up millions through legal action against Maurice Saatchi.

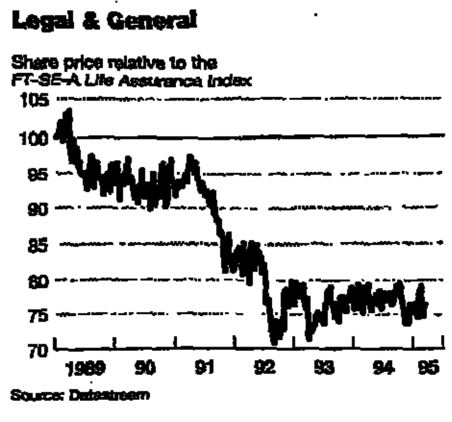
LEX COMMENT

Legal & General

Legal & General's shares have outperformed the market by 11 per cent this year. Yesterday they ran ahead of the market again as investors smacked their lips at the prospect that L&G might be allowed greater flexibility in transferring surplus life funds to shareholder accounts. If the Department of Trade and Industry permits the move, then the additional cash could help L&G's progressive dividend policy become even more munificent.

However, shareholders should not confuse flexibility with generosity: the DTI may sanction the transfer, but L&G is under no obligation to distribute the cash. Management concedes profitability in general insurance has peaked. Meanwhile, life assurance looks decidedly dull. The industry is still struggling to write new or profitable business.

L&G may need the money so it can participate in the life assurance industry's rationalisation. There remain 100 active life companies in the UK. Such fragmentation was sustainable when margins were fat, but a combination of recession and new disclosure regulations have squeezed margins. Mutual funds and overseas companies' subsidiaries look the most promising targets. The sector has poor growth prospects and L&G itself has damped down speculation about the likelihood of a dividend bonanza. The stock's estimated 15 per cent discount to "embedded value" – a way of recognising the value of policies already written – suggests the shares are fully valued.



TeleWest considers move into mobile telecommunications

By Alan Cane

TeleWest Communications, the first cable television company to achieve a full UK stock exchange listing, almost doubled its net losses to £65.1m ($106.8m) last year.

The deficit, however, was in line with expectations and both revenues and subscriber numbers improved in 1994.

Shares in TeleWest, which floated at 182p in November, moved up 4p to 176p yesterday.

The company, owned by TeleCommunications Inc, the largest cable television operator in the US, and by US West, said it was considering a move into mobile telecommunications. UK cable companies are unusual in being able to offer both telephony and entertainment over their networks.

TeleWest experienced a 47.1 per cent "churn" rate among television subscribers in 1994, significantly higher than the 39.1 per cent recorded in 1993 and above the industry average. Churn is the ratio of total subscribers disconnected for whatever reason to the average number of subscribers.

Turnover from continuing operations amounted to £71.7m (40.3m), a 79 per cent improvement. Operating losses rose to £48.9m from £28.4m. No dividend will be paid.

Asprey issues trading update

By Peter Pearse

Asprey, the exclusive jewellery retailer, was forced to issue a trading update yesterday in response to Wednesday's 16p share price fall to 68p, its lowest point for almost 10 years.

The group announced that profits before provisions and tax for the second half of the year to March 31 were likely to be similar to the first-half's £3.01m ($4.93m) and that stock levels had reduced slightly from the September 30 figure of £147m.

Mr Naim Attallah, chief executive, acknowledged he was worried by the decline in the shares: "It is destabilising and gives the wrong impression of the group."

Prior to the warning on September 9 that first-half profits would fall from £12.2m, the shares stood at 310p. That day they tumbled 110p. The interim announcement prompted a mere 3p fall to 141p, but the slide has continued since.

Mr Attallah maintained that last week a long-term holder offered 2.4m shares for sale "in a thin market". Wednesday's 16p fall, he said, was on a "mere" 170,000 shares sold.

He said that though the share position was psychologically bad for everybody, "no amount of pressure will force the Asprey family [which holds more than half the shares] to sell".

Overseas markets help United Biscuits advance

By Roderick Oram, Consumer Industries Editor

Recent price increases for biscuits in the UK and US signalled a positive shift in retailers' attitudes, United Biscuits said yesterday as it announced profits weakened by rising costs and falling prices.

"A change in the industry's mind set" has taken place, Mr Eric Nicoli, the chairman, said. Prices of many McVitie's biscuits in the UK are already up by 5 per cent this year while the US industry has seen similar rises. Further increases could come but they are unlikely to fully compensate for rising raw material costs.

Pre-tax profits for 1994 were £133.8m (£116.7m) after restructuring costs in both years. Pre-exceptional profits fell to £178.7m (£181.8m) however. For the fourth year running, the group held the dividend at 15.3p.

Much of the damage was inflicted in the UK. McVitie's operating profits fell 17 per cent to £68.7m on sales down 1 per cent at £611m.

KP, the crisp and snacks business, suffered a 16 per cent fall in UK profits to £29.7m on sales up 1 per cent at £400m.

Biscuits were better on the Continent with operating profits up 27 per cent to £23.8m but snack profits fell 38 per cent to £7.5m because of a serious setback in Spain where prices fell 20 per cent.

One of the few bright spots was the first signs of recovery at Keebler, the US operations which are still in the middle of a heavy restructuring.

Keebler's sales were down 6 per cent at £1.12bn out of flat group sales of £3.43bn. Keebler's volumes rose 2 per cent in a market up 1 per cent.

Keebler, which is a distant number two to Nabisco in the US cookie market and an also-ran to PepsiCo in snacks, is completely revamping its sales and distribution system. The full benefits will not flow through until 1997, however.

Asia Pacific also performed well. The main contribution came from Australia where UB's Smith's Snackfood Company has a 56 per cent market share.

Further expansion is under way in China, Indonesia and Japan.

German buy for Courtaulds

By Motoko Rich

Courtaulds, the chemicals and fibres group yesterday announced the acquisition of Mehnert & Veeck, a privately owned German coil coatings manufacturer by Courtaulds Nippon Paint, its joint venture with Nippon Paint of Japan.

The acquisition will more than double the sales of Courtaulds Nippon Paint, which is already a leading supplier in the UK.

Coil coatings – which is used for coating metal – is an expanding sector of the paints market, with growth in Europe about 6 per cent a year over the last 10 years.

Courtaulds would not disclose how much it had paid for Mehnert & Veeck, which supplies coil coatings, automotive coatings and packaging coatings in Europe. It said the acquisition was debt free and for cash.

One analyst said he doubted the joint venture would have paid more than two-thirds of Mehnert's turnover, which was £27.7m in 1994. Net assets were £4.7m.

High copper prices lift Antofagasta

By Kenneth Gooding, Mining Correspondent

Higher international copper prices and profits from disposals helped to boost the 1994 pre-tax profits of Antofagasta Holdings, the UK-listed Chilean mining, banking, rail and water distribution group, by nearly 66 per cent.

Pre-tax profits increased from £23.1m to £38.3m, on turnover of £90.6m (£86.7m).

21.2p.

Mr Philip Adeane, managing director, said the 1995 outlook for metal prices, including that of copper, appeared favourable and, when coupled with an expected increase in copper output from 58,000 to 77,000 tonnes, would benefit the mining operations. The output increase would come from the Los Pelambres mine where Antofagasta increased its shareholding last September from 20 to 65 per cent.

A decision about whether Los Pelambres should be expanded would be taken this year, Mr Adeane said.

From April onwards freight revenues would benefit from the railway company's new contract with the Zaldivar mine. Last month Antofagasta signed a 12-year freight contract with the El Abra mine, which is expected to increase the railway company's turnover by $15m (£9.39m) a year from 1996. Freight turnover for 1994 was $24m.

Also last month the group sold part of its stake in VTR Inversiones, a telecommunications company, to Southwestern Bell.

The stake cost $1m and the sale produced a net profit of $21.7m. Antofagasta's holding in VTR is now 14.5 per cent and future income will be taken on a dividend received basis.

Profits from disposals in 1994 totalled £16.4m, up from £9.1m the previous year. Mr Adeane said Antofagasta was finding that it could acquire investments at reasonable prices, build them up and then sell them at a huge profit.

In November the group sold its interest in Endesa, Chile's biggest electricity generator, acquired in 1993 for a net £10.3m, for a net profit of £14.5m. In September it sold its interest in Minera Rio Frio, a gold mine in Argentina, for a net profit of £1.9m.

Flemings expands in South Africa

By Norma Cohen, Investments Correspondent

Flemings, the UK-based investment bank, yesterday announced it had agreed in principle to take a 50 per cent stake in Martin and Co, South Africa's largest stockbroker, as part of its plan to build a regional investment bank there.

"Our ambition is to build a full-service investment banking operation," said Mr John Manser, chief executive of Flemings. The venture will follow the model used by Fleming in its highly successful Jardine Fleming operation in Hong Kong.

The remaining 50 per cent of Martin and Co is owned by its partners. In addition to stockbroking and research services, Martin and Co also invests funds for private clients.

The advent of multi-racial elections in South Africa last year, coupled with currency deregulation and plans to deregulate the domestic stock markets have spurred American and European institutions to set up operations there.

As of November this year, "Big Bang" deregulation will allow firms to become "dual capacity", both executing orders for clients and trading for their own account. Also, foreign owned stockbrokers will be allowed to become members of the domestic exchange.

Recently, investment banks SG Warburg and Smith New Court have announced purchases of stakes in South African brokers.

Meanwhile, South African brokers have been eager to seek partners in the expectation that Big Bang deregulation will require them to have a larger capital base.

Terms of the acquisition are not disclosed and completion is subject to the approval of the Reserve Bank. Fleming has operated a joint venture in South Africa with Martin and Co for the past four years.

Mr Manser said the firm would like to build an investment banking presence in all of sub-Saharan Africa.

£9.1bn takeover declared unconditional after US FTC consent

Glaxo Wellcome merger talks

By Daniel Green

Directors of Glaxo and Wellcome began talks yesterday on integrating the two companies after Glaxo's £9.1bn ($14.9bn) takeover, the largest in UK corporate history, was declared unconditional as the US Federal Trade Commission gave its consent.

Teams led by Sir Richard Sykes, Glaxo's chief executive, Mr John Robb, Wellcome's chairman and chief executive, and divisional directors, met in the UK, the US and other large markets.

Talks ranged across the companies' activities from research and development through to marketing and headquarters' functions.

The first decisions are expected early next week. They will involve the fate of senior Wellcome personnel such as Mr Robb and Mr David Barry, director of research and development.

Glaxo described the first phase of talks as "information gathering". It added: "A design and decision-making phase will follow, leading, some months from now, into a staged programme of implementation."

The most obvious areas of possible integration are:

- the US headquarters operations which are both in North Carolina;
- duplicated research and development functions in the UK, where the two companies have four sites between them in the south-east of England;
- overlapping sales and marketing teams in the anti-infectives area.

Glaxo has three antibiotics with combined sales in the six months to December 31 1994 of £429m. Wellcome's biggest drug is an antiviral, Zovirax, which had sales last year of £858m.

Decisions will also have to be made on the management and resources given to research and development by Glaxo Wellcome, as the new company will be called, in migraine. Both the European Union and US competition authorities have insisted that Glaxo Wellcome should license out one migraine drug.

When in Rome . . . or Paris

Barclays has suffered a setback in France, reports **Andrew Jack**

Barclays Bank may be regretting one outcome of its strategy of "going native" in developing operations in France over the past few years.

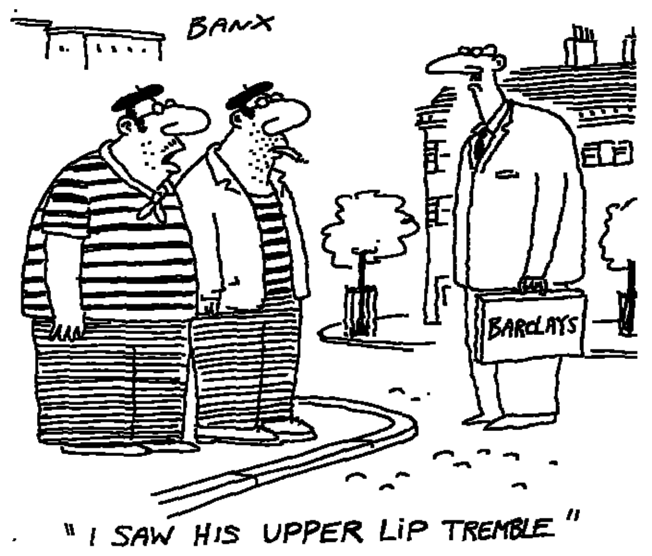
As its French confrères unveil their gloomy 1994 figures, Barclays has shown it is no different, revealing heavy losses, restructuring plans and the same root cause: the continuing depressed performance of its commercial property portfolio.

No separate accounts are available for Barclays in France, but the bank admitted to losses of £110m on its European operations hidden behind the global pre-tax profits of £1.86bn unveiled by Mr Martin Taylor, chief executive, in London last week.

About £100m is believed to be related simply to France – a performance which Mr Taylor admitted was unsatisfactory.

It comes on top of substantial provisions over the past two years, and is not over yet. He says further restructuring-related losses in the country are expected in the 1995 results.

While a number of its British competitors, such as National Westminster and Midland, have been withdrawing from retail banking operations on mainland Europe, Barclays has taken an increasingly aggressive role in France, alongside similar activity in countries such as Spain and Portugal.



"I SAW HIS UPPER LIP TREMBLE"

Its profile rose substantially in the past two years as it ambitiously doubled the number of branches to 82, all in the eye-catching turquoise corporate colours. It also incurred the wrath of the French banking establishment with a hard-sell advertising campaign publicising interest-paying accounts.

Yet it rejects criticisms about the costs of these exercises. It stresses that its retail banking activities rest at break-even. It says it has no plans to cut the number of agencies, although it is not currently interested in increasing the number further, either.

At the same time, it says that its strategy has paid off. The number of new personal customers' accounts rose by 15 per cent in the past year, and commissions increased by 28 per cent while the market dropped 17 per cent. Net banking income rose 1.1 per cent.

By contrast, Barclays' property portfolio in France – believed to total FFr2.1bn (£250m) – is now 64 per cent covered by provisions.

Now, radically, it has decided to withdraw from the property sector, and expects to have disposed of all related assets over the next year.

The company is also paring down its lending to small and medium-size business outside Paris. Between the cuts in these two divisions, there is likely to be a noticeable reduction in its total workforce of 2,300 and some closure and reorganisation of agencies.

At the same time, Barclays stresses that large corporations and all investment banking activities, which are handled through its BZW arm, will remain unaffected. This reflects Mr Taylor's presentation in London that it would be concentrating on personal and investment banking in the future.

It sounds a familiar picture in France. Last week, Spie Batignolles, the construction and civil engineering company controlled by Groupe Schneider, warned of substantial additional property losses in the 1994 results.

Two weeks ago, Suez, the flagship French financial and industrial holding company, unveiled losses of FFr4.7bn triggered by FFr7.6bn in additional property provisions and plans to withdraw from the sector.

Barclays must be hoping that its own restructuring over the next few months will prove at least as effective as those undertaken by its French domestic competitors.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

½ hour period ending	Provisional Price for Trading on 17.03.95 Pool purchase price £/MWh	Pool Prices for Trading on 11.03.95 Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.79	9.08	9.08
0100	9.01	9.05	9.05
0130	9.05	9.48	10.26
0200	10.10	9.48	10.26
0230	9.82	9.48	10.26
0300	9.92	9.48	10.26
0330	9.00	9.09	9.09
0400	8.88	9.06	9.06
0430	8.79	8.95	8.95
0500	8.19	8.82	8.82
0530	8.80	8.82	8.82
0600	8.80	8.81	8.81
0630	8.80	8.95	8.95
0700	8.81	9.06	9.06
0730	9.78	9.03	8.81
0800	10.11	8.08	8.84
0830	12.19	9.90	10.73
0900	13.23	10.90	11.90
0930	14.29	12.71	13.87
1000	14.90	13.04	14.27
1030	14.77	12.94	14.14
1100	14.88	12.85	13.78
1130	14.65	12.67	13.82
1200	19.51	12.70	13.86
1230	19.40	12.57	13.69
1300	14.45	12.17	13.19
1330	12.20	11.73	12.62
1400	15.87	9.25	9.25
1430	9.08	9.13	9.13
1500	9.05	9.10	9.10
1530	9.02	9.08	9.08
1600	8.96	9.03	9.03
1630	9.06	9.07	9.07
1700	9.15	9.63	9.63
1730	10.23	14.59	14.58
1800	10.42	27.44	32.26
1830	13.20	33.72	39.39
1900	20.36	30.52	35.26
1930	20.20	20.86	23.64
2000	19.32	12.67	13.88
2030	18.89	13.66	14.49
2100	11.94	9.97	10.76
2130	10.00	9.95	10.73
2200	10.00	9.00	9.00
2230	8.88	8.89	8.89
2300	8.78	8.83	8.83
2330	15.79	8.83	8.83
2400	8.16	8.82	8.82

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8:30am and 5:15pm Monday to Friday.
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COMMODITIES AND AGRICULTURE

Palladium price highest for nearly six years

By Kenneth Gooding, Mining Correspondent

The world's huge appetite for mobile telephones, personal computers, wide-screen televisions and other electronic devices has helped to drive the price of palladium to its highest level for nearly six years.

The precious metal is needed for the multi-layer ceramic capacitors used in electronic equipment. Its price has burst through the psychologically important $160-a-troy-ounce level and was "fixed" in London yesterday at $161.85.

The last time palladium's price reached this level was in April 1989 when speculators swooped on the metal after reports that it had been used in successful cold nuclear fusion experiments that might pave the way to the production of cheap energy. That proved to be a short-lived phenomenon.

Mr Michael Steel, market research director for Johnson Matthey, the world biggest platinum group metals marketing organisation, said that this time palladium prices were moving on very heavy demand from Japan where most capacitors were produced. He pointed out that in January Japan imported nine tonnes of the metal, more than in any month last year.

The $160-an-ounce level is important in the palladium market because traders suggest that Russia, the biggest producer, digs into its stockpiles any time the price reaches that level, fearing that higher prices would encourage substitution of palladium by nickel.

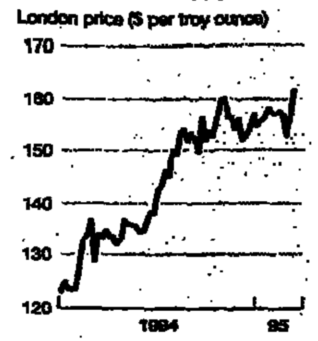
However, Mr Steel pointed out that the fall in the value of the US dollar against the yen meant that the palladium price in their domestic currency was still attractive for the Japanese. In 1989 there were about 130 yen to the dollar whereas today the rate was 90. Johnson Matthey estimated that, at present exchange rates, palladium would have to go above $200 an ounce before rapid substitution took place.

Nevertheless, the Russians were certainly digging into their palladium stocks. Mr Steel estimated that Russia exported about 3m ounces of palladium last year compared with production of no more than 2m.

Mr Jeffrey Christian of the CPM metals consultancy group pointed out that in 1994 palladium's use in electronics rose by nearly 16 per cent to 2.5m ounces. "There are fresh signs that demand is continuing to increase at a strong pace," he added.

Palladium

London price ($ per troy ounce)



Source: Datastream

US report criticises farm aid for 'city slickers'

By Nancy Dunne in Washington

Over the past 10 years, more than $1.8bn in US government subsidies have been paid to absentee owners of US farms who live in US cities, according to a new report produced by the Environmental Working Group in Washington.

"Massive and widespread cash payments to absentee interests in cities are just one of many indications that America's federal farm subsidy programmes are out of date – and badly out of control," the report says.

The report, entitled "City Slickers", was prepared from a study of computer records amassed by the US Department of Agriculture, obtained by the filing of requests under the US Freedom of Information Act. Researchers found that from that from Beverly Hills, California, to Key West, Florida, "it is the rare, well-heeled suburb, urban enclave or resort spot in the US that does not have at least one federal farm subsidy recipient in residence".

Payments were made under dozens of programmes that subsidise farmers, including loan price supports, conservation and disaster programmes.

"The study underscores just one of the fundamental problems with America's depression-era farm programmes: they mostly reward the ownership of land, not the farming of it, and rewards most those who own the most, not those most in need," the report says.

The findings are bound to reverberate in Congress, where a new multi-year Farm Bill must be written this year. Agriculture has been identified by members of both parties as a ripe candidate for budget reductions.

Senator Richard Lugar, chairman of the Senate agriculture committee and a candidate for the Republican presidential nomination, has proposed cutting the controversial US export subsidy scheme – the Export Enhance Programme – to save $3.4bn over the next five years.

The Environmental Working Group does not oppose subsidies to farmers trying to stay on the land, but it says that subsidies paid to city dwellers do nothing to help farmers and rural communities survive.

Its research found that in the major cities, as in the country, a small number of individual, partnerships, trusts and corporations got the bulk of the payments. About 57 per cent of the subsidy recipients got less than $5,000.

"Almost anyone can qualify for federal agriculture subsidies," the reports say. "You don't have to farm the land, you don't have to live anywhere near the land, you don't even have to visit from time to time. You don't have to be related to a farmer or to anyone else who has an interest in the farm."

The report calls for a rewrite of the farm programme to meet the needs of 1995, not 1933. "No farm export or crop insurance subsidies should be provided until the environmental and economic risks of those subsidies have been clearly identified and least-cost alternatives. . . have been thoroughly considered," the report says.

"Federal law should eliminate federal farm subsidy payments that inflate the price of farmland and thus boost potential taxpayer exposure from. . . compensation claims."

Cocoa producers fail to boost market confidence

By James Harding

Proposals from some of the world's leading cocoa producers to squeeze supply by controlling stock levels failed to maintain market confidence this week, as prices fell on forecasts of high output for 1995.

As Brazil and the Ivory Coast launched an initiative to control stocks, boost producer consumption and target new markets for cocoa at the International Cocoa Organisation interim council meeting this week, cocoa prices on the London Commodity Exchange fell, closing at £983 a tonne yesterday, down from £1,004 at the end of last week.

"The market is not taking much notice of pronouncements of this kind, as attention is focused on the high production figures which continue to exceed analysts projections," said Mr Tony Chadwick, cocoa specialist at Prudential Bache.

The US agriculture department forecast world cocoa bean production for 1994-95 at 2.53m tonnes, up 2 per cent from last year's output.

In Africa, cocoa bean production is forecast at a record 1.44m tonnes, 4 per cent more than in 1993-94, according to the USDA's monthly World Agricultural Production report. Output from the Ivory coast was forecast at 860,000 tonnes up from 850,000 tonnes.

The only significant downward revision from the USDA's October forecast came from Brazil, where lower than expected crop production depressed South America's overall output forecast to 443,600 tonnes, just below last year's level.

Brazil and the Ivory Coast aimed to ensure price stability with the action plan they proposed at the beginning of the week.

Mr Guy-Alaine Gauze, Ivory Coast's commodities minister, said he would like to see world cocoa stocks, which now represent the equivalent of six months' demand, "down to three or four months' consumption".

As well as stock control proposals, the cocoa producers suggested that the ICCO buffer stocks should be used for strategic sales to Russia and China with the aim of "promoting consumption in these countries".

Promoting demand in producer countries should also be made a priority, as Brazil and the Ivory Coast hope to "deepen" the cocoa industry in countries of origin.

Hopes high for PNG gold project

By Nikki Tait in Sydney

Final negotiations were reported to be under way yesterday between the Papua New Guinea government and local landowners over equity stakes in the proposed A$1.1bn Lihir gold mine – with hopes still high that the "special mining lease" could be signed by the prospective mine owners and Sir Wiwa Korowi, PNG's governor-general, today.

Granting of the lease, essential for construction to begin, has already been delayed by over a year because of internal PNG politics, but it has now been approved by the cabinet.

The Lihir project, the world's largest undeveloped gold project with an estimated resource of 42.5m ounces of gold, is at present a joint venture between Britain's RTZ and Niugini Mining, controlled by Battle Mountain Gold in the US. The development plan envisages that both the PNG government and local landowners would come in as equity partners, and shares in Lihir Gold would then be floated on the Australian stock market later this year.

Environmental groups attack voluntary fishing code

By Deborah Hargreaves

Ministers from over 100 countries attending a conference on over-fishing in Rome this week agreed a code of conduct to reduce fishing effort and apply conservation measures to devastated fish stocks.

The resolution came yesterday as Canada and the European Union struggled to resolve their dispute over Greenland halibut in international waters off Newfoundland.

But environmental groups argued that the resolution agreed at the United Nations' Food and Agriculture Organisation meeting contained few specific measures and relied on the goodwill of countries that had previously shown little interest in cutting their fishing fleets.

"The major problem with the code is that it is designed to be voluntary: there is not one ounce of compulsion in it," said Mr Michael Earle at Greenpeace, the environmental campaign group.

The ministerial meeting was convened amid dire warnings by the FAO that fish stocks were in severe danger of collapse worldwide.

Mr Jacques Diouf, director general of the FAO, opened the meeting with a warning that "the voluntary system of regulation of fisheries has not been successful".

"States whose nationals are engaged in fishing, especially those in large-scale commercial fishing. . . have often not been able to honour their conservation and management responsibilities," he went on.

However, although signatories to the FAO's code say they will conserve stocks, there is no sanction against countries that fail to observe the resolution.

The FAO's meeting was held in advance of a UN conference in New York on March 27 to continue negotiations for a binding treaty on managing and conserving fish stocks that straddle the borders of countries' territorial waters and live in the high seas.

States such as Canada and Norway, which fish mainly within their own territorial waters, are pushing for a binding agreement in New York that would establish some international effort for policing fisheries.

But others, such as Japan, South Korea and the European Union, with long-distance fishing fleets, prefer the FAO's voluntary code.

The code promises to reduce over-fishing, cut the number of fish thrown back into the sea – estimated by the FAO at 27m tonnes a year or a third of the world catch – and review fleet capacity.

It also agrees to promote ecologically sound fish farming as a way of reducing pressure on wild stocks.

Tea producers to meet next month

The world's major tea producers will meet in Sri Lanka next month to discuss problems facing the industry and ways to promote tea, reports Reuters from Colombo.

Tea Board officials said a new grouping being promoted by India and Sri Lanka, the biggest producers, would initially focus on quality, research into disease and ways to promote the health aspects of tea.

"The aim is to form a common forum to discuss problems faced by tea producers," said Tea Board chairman Clifford Ratwatte. Senior tea trade officials from producer countries will meet on April 27-28 to lay the groundwork for the proposed International Tea-producing Association of Countries.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1757-58	1799-800
Previous	1765-66	1807-7
High/low		1814/1791
AM Official	1765-66	1806-7
Kerb close		1796-97
Open int.	208,006	
Total daily turnover	66,423	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1795-805	1800-10
Previous	1785-95	1810-20
High/low		1805/1790
AM Official	1780-90	1795-805
Kerb close		1795-805
Open int.	2,734	
Total daily turnover	1,160	

■ LEAD ($ per tonne)

Close	576-77	590-90.5
Previous	567-68	581-81.5
High/low	581	593/587
AM Official	580-81	591-92
Kerb close		587-8
Open int.	38,133	
Total daily turnover	5,778	

■ NICKEL ($ per tonne)

Close	7260-70	7390-400
Previous	7435-40	7565-70
High/low	7270	7525/7330
AM Official	7265-70	7390-95
Kerb close		
Open int.	53,511	
Total daily turnover	7,574	

■ TIN ($ per tonne)

Close	5470-80	5540-50
Previous	5350-60	5420-30
High/low	5430	5580/5430
AM Official	5430-40	5490-95
Kerb close		5510-20
Open int.	19,571	
Total daily turnover	4,039	

■ ZINC, special high grade ($ per tonne)

Close	1008-9	1034-35
Previous	1005-6	1032-33
High/low		1036/1025
AM Official	1004.5-5.0	1031.5-32.0
Kerb close		1025-6
Open int.	87,171	
Total daily turnover	24,348	

■ COPPER, grade A ($ per tonne)

Close	2897-98	2893-94
Previous	2896-97	2896-97
High/low	2892	2900/2885
AM Official	2892-93	2892-93
Kerb close		2890.5-91.0
Open int.	229,632	
Total daily turnover	67,415	

■ LME AM Official £/$ rate: 1.5988

LME Closing £/$ rate: 1.5910

Spot:1.5875 3 mths:1.5863 6 mths:1.5831 9 mths:1.5793

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Mar	140.00	+0.25	140.90	139.00	4,429	665
Apr	137.00	+0.50	137.05	137.00	1,700	10
May	134.20	+0.30	134.75	133.40	23,089	4,717
Jun	132.40	+0.50	132.40	132.40	613	7
Jul	130.00	-0.25	130.60	129.90	6,692	665
Aug	128.65	+0.20	128.65	128.65	371	5
Total					45,863	6,864

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	383.40-383.80		
Opening	385.00-385.40		
Morning fix	385.15	241.201	444.463
Afternoon fix	383.70	240.836	441.447
Day's High	385.30-385.70		
Day's Low	383.30-383.70		
Previous close	386.40-386.80		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.25	6 months	4.89
2 months	4.42	12 months	5.26
3 months	4.54		

Silver Fix	p/troy oz.	US cts equiv.
Spot	294.05	470.00
3 months	297.90	475.85
6 months	302.90	482.85
1 year	314.35	498.45

Gold Coins	$ price	£ equiv.
Krugerrand	380-383	244-247
Maple Leaf	394.80-397.25	
New Sovereign	90-93	56-59

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Mar	384.8	-1.4	-	-	-	-
Apr	385.6	-1.6	385.5	384.2	65,745	26,593
Jun	388.4	-1.7	388.5	387.0	30,059	5,343
Aug	391.7	-1.7	392.0	390.3	16,425	1,006
Oct	395.1	-1.7	-	-	4,764	2
Dec	398.6	-1.8	398.8	397.1	12,974	302
Total					170,322	34,511

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	421.7	-1.9	423.5	420.0	14,585	4,320
Jul	423.1	-2.0	424.0	421.1	8,030	1,154
Oct	426.1	-2.0	426.1	424.0	1,961	142
Jan	429.3	-2.0	-		674	10
Total					25,250	5,626

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	164.10	+1.65	164.10	162.50	77	43
Jun	166.10	+1.65	166.10	163.75	5,936	1,345
Sep	167.35	+1.65	167.35	165.00	491	7
Dec	168.35	+1.65	-	-	105	-
Total					6,609	1,395

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Mar	472.5	+0.1	472.5	468.5	94	28
Apr	473.8	-0.2	-	-	1	-
May	476.0	-0.2	477.0	467.5	65,123	15,111
Jul	481.4	-0.2	482.0	473.0	14,985	859
Sep	486.4	-0.3	486.4	477.0	11,238	78
Dec	494.2	-0.4	494.2	486.0	16,183	55
Total					131,628	17,153

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	18.24	+0.13	18.25	18.05	50,133	31,529
May	18.25	+0.15	18.25	18.05	68,438	30,419
Jun	18.18	+0.10	18.20	18.05	51,259	11,498
Jul	18.10	+0.08	18.10	18.00	24,932	4,345
Aug	18.01	+0.04	18.03	18.00	12,150	2,064
Sep	17.98	+0.04	17.98	17.94	21,945	471
Total					348,977	98,828

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	16.64	+0.07	16.67	16.55	42,439	26,152
May	16.65	+0.07	16.70	16.51	49,570	25,328
Jun	16.64	+0.09	16.69	16.51	15,991	5,484
Jul	16.57	+0.10	16.60	16.45	15,543	1,920
Aug	16.51	+0.09	16.54	16.46	7,890	192
Sep	16.52	+0.07	16.53	16.47	4,383	1,089
Total					158,033	60,632

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	45.40	+0.26	45.50	45.05	31,744	16,021
May	45.85	+0.23	45.95	45.45	29,525	5,583
Jun	46.50	+0.28	46.50	46.20	14,977	2,886
Jul	47.10	+0.23	47.15	46.90	12,687	1,453
Aug	47.90	+0.23	47.95	47.75	6,545	927
Sep	48.90	+0.33	48.90	48.85	4,123	383
Total					128,277	28,394

■ GAS OIL IPE ($/tonne)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	144.75	+0.75	145.50	144.00	39,816	6,524
May	145.00	+0.75	145.50	144.25	19,238	1,728
Jun	145.50	+0.50	146.00	145.00	9,980	1,425
Jul	147.75	+1.00	147.75	146.50	6,834	192
Aug	149.25	+0.75	149.25	148.50	2,086	30
Sep	151.25	+1.00	151.25	150.25	2,143	10
Total					92,545	10,330

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	1.512	+0.007	1.545	1.505	24,733	15,884
May	1.590	+0.025	1.615	1.565	21,960	9,438
Jun	1.620	+0.015	1.650	1.615	13,524	2,569
Jul	1.650	-	1.675	1.645	14,197	1,447
Aug	1.675	-	1.700	1.675	13,058	2,759
Sep	1.680	+0.005	1.705	1.680	12,577	1,507
Total					182,736	38,058

■ UNLEADED GASOLINE

NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	55.25	+1.21	55.30	53.65	23,104	13,763
May	55.00	+0.76	55.05	54.18	21,863	9,567
Jun	55.00	+0.61	55.00	54.45	9,322	2,389
Jul	54.85	+0.36	54.90	54.35	6,707	2,344
Aug	54.30	+0.20	54.50	54.30	2,612	1,578
Sep	53.70	+0.45	53.70	53.70	2,182	77
Total					68,768	30,059

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	113.55	+1.40	113.55	112.60	113	16
May	114.35	+1.15	114.85	113.50	2,021	377
Jul	115.70	+1.15	115.75	115.25	420	26
Sep	102.25	+0.80	102.25	101.50	253	20
Nov	103.10	+0.75	103.10	102.25	2,358	84
Jan	105.00	+0.80	105.00	104.00	505	56
Total					5,953	579

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	345/2	-5/6	351/0	343/4	356	197
May	345/4	-4/0	350/4	345/0	26,102	6,701
Jul	335/0	-1/2	338/0	334/6	25,990	8,342
Sep	340/4	-0/2	343/2	340/2	2,931	376
Dec	351/0	-0/6	354/2	351/0	2,614	485
Mar	356/4	-0/4	-	-	77	6
Total					58,095	16,087

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	241/0	-1/2	242/6	240/4	4,177	2,137
May	247/0	-1/4	248/6	246/4	114,777	23,123
Jul	253/4	-1/2	255/2	253/0	104,015	13,120
Sep	258/2	-1/0	259/2	257/4	19,867	988
Dec	262/0	-0/2	262/4	260/6	86,109	7,756
Mar	268/0	-0/4	269/4	267/0	8,302	474
Total					344,807	48,524

■ BARLEY LCE (£ per tonne)

Mar	108.40	+1.15	108.40	108.00	36	9
May	108.25	+1.25	108.30	108.00	160	15
Sep	100.50	+1.10	-	-	102	-
Nov	102.70	+0.70	102.70	102.25	466	2
Jan	104.75	+0.75	-	-	118	-
Mar	106.25	+0.45	-	-	86	-
Total					988	26

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Mar	573/6	-2/6	576/0	572/6	2,464	3,301
May	582/2	-3/4	585/2	580/6	51,178	32,141
Jul	592/6	-3/4	596/4	591/2	48,288	14,989
Aug	597/2	-3/2	600/6	596/0	5,829	1,191
Sep	599/2	-4/6	602/4	598/0	3,391	995
Nov	606/4	-4/6	610/0	605/2	28,298	7,700
Total					143,228	60,977

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Mar	27.50	-0.75	28.15	27.38	5,704	1,832
May	26.23	-0.74	26.90	26.12	41,572	11,023
Jul	25.96	-0.69	26.60	25.85	23,650	4,218
Aug	25.80	-0.67	26.40	25.75	8,894	703
Sep	25.70	-0.80	26.25	25.70	5,803	959
Oct	25.62	-0.56	26.10	25.60	6,760	449
Total					183,939	20,367

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Mar	162.8	+0.4	162.9	161.2	1,249	568
May	166.5	+0.5	166.9	165.0	38,231	22,757
Jul	171.1	+0.5	171.6	169.8	27,825	11,930
Aug	172.8	+0.4	173.3	172.0	8,115	739
Sep	174.8	+0.5	175.4	173.8	5,838	980
Oct	176.3	+0.7	176.8	175.5	9,346	358
Total					103,352	40,205

■ POTATOES LCE (£/tonne)

Apr	290.5	-5.8	295.0	290.0	571	39
May	331.5	-13.5	340.0	330.0	67	14
Jun	250.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Total					717	55

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	2265	-40	2265	2255	369	51
Apr	2255	-45	2275	2245	952	160
May	2197	-57	2220	2185	874	101
Jul	1950	-45	1980	1910	908	61
Oct	1910	-55	1985	1880	937	18
Jan	1843	-87	1850	1840	295	10
Total					4,335	491

	Close	Prev
BFI	2251	2239

Wool

The Australian Eastern wool market indicator closed 13 cents down on the week at 827 cents a kg. Easing again mainly affected finer merinos, with other categories fairly firm, and middle merinos only easing at the final day's auctions yesterday. New Zealand prices at yesterday's sale rose quite strongly, taking the overall market indicator up by 30 cents to a new seasonal record of 848 NZ cents a kg. The varied wool market picture has much to do with what and when China buys at auction. Reduced Chineses interest applied to Australia, but not in New Zealand, where coarser crossbreds predominate at current sales. British wool prices were firm this at this week's Bradford auction for types favoured by China, but otherwise the market for carpet wools tended easier.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	974	-15	985	970	2,848	58
May	983	-9	988	973	21,281	3,406
Jul	992	-7	996	980	12,009	1,372
Sep	1000	-6	1005	992	12,310	664
Dec	1009	-4	1012	1001	14,545	880
Mar	1021	-4	1024	1013	17,254	650
Total					95,455	7,186

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1308	-12	-	-	104	26
May	1346	-12	1353	1326	37,129	6,437
Jul	1367	-8	1369	1350	11,840	2,157
Sep	1387	-5	1387	1370	7,104	995
Dec	1405	-9	1408	1385	5,977	428
Mar	1425	-9	1420	1415	6,092	57
Total					80,250	10,140

■ COCOA (ICCO) (SDR's/tonne)

Mar 15	Price	Prev. day
Daily	970.76	958.27

■ COFFEE LCE ($/tonne)

Mar	3262	-23	3305	3260	383	65
May	3170	-40	3283	3145	15,307	2,904
Jul	3106	-35	3195	3080	8,797	598
Sep	3063	-45	3160	3063	7,470	324
Nov	3045	-42	3130	3030	1,399	109
Jan	3030	-30	-	-	198	-
Total					33,581	4,600

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	172.00	+6.75	178.00	171.75	191	35
May	171.20	-7.60	182.40	170.50	17,920	5,485
Jul	172.50	-7.50	183.50	172.00	9,345	1,839
Sep	175.30	-6.00	184.75	175.30	4,997	674
Dec	174.90	-6.00	179.50	174.90	4,650	186
Mar	274.10	-6.00	-	-	815	198
Total					37,964	8,426

■ COFFEE (ICO) (US cents/pound)

Mar 15	Price	Prev. day
Comp. daily	165.86	167.37
15 day average	166.52	166.91

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

May	14.41	+0.04	-	-	1,161	-
Jul	13.73	-	-	-	2,360	-
Oct	12.58	-	-	-	-	-
Jan	13.25	-	-	-	-	-
Mar	13.25	-	-		2,000	-
Total					5,521	-

■ WHITE SUGAR LCE ($/tonne)

May	372.5	-	374.0	368.0	12,453	806
Aug	359.7	-0.3	363.0	356.5	6,432	410
Oct	331.4	+0.1	334.5	329.0	3,156	426
Dec	324.1	+0.6	327.0	323.0	187	30
Mar	318.1	+0.6	320.0	317.0	729	18
May	317.5	+0.1	319.5	317.5	231	3
Total					23,219	2,682

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	13.88	+0.01	13.99	13.59	58,878	21,495
Jul	12.96	-0.07	13.18	12.80	38,352	9,561
Oct	12.29	-0.04	12.42	12.22	35,892	4,848
Mar	12.06	-0.07	12.16	12.00	12,443	807
May	11.92	-0.07	12.01	11.92	3,386	44
Jul	11.70	-0.07	11.82	11.66	3,864	100
Total					161,292	36,856

■ COTTON NYCE (50,000lbs; cents/lbs)

May	109.05	-0.04	109.20	107.85	24,401	2,210
Jul	103.80	-0.13	104.03	103.25	18,982	1,369
Oct	85.60	+0.45	85.95	85.55	7,307	532
Dec	79.75	+0.20	79.79	79.50	25,305	4,345
Mar	80.70	+0.40	80.70	80.20	5,184	291
May	81.00	+0.30	81.20	80.75	899	15
Total					80,169	8,770

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Mar	103.70	-0.70	104.60	103.40	109	172
May	107.45	-0.75	108.30	106.45	12,176	4,504
Jul	111.10	-1.30	112.40	110.50	5,187	584
Sep	114.50	-1.40	115.40	114.00	4,278	161
Nov	114.45	+0.45	114.80	114.00	1,973	7
Jan	114.70	-1.30	115.20	114.00	1,289	29
Total					21,881	5,440

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 16	Mar 15	month ago	year ago
2326.5	2337.7	2258.5	1830.3

■ CRB Futures (Base: 1967=100)

Mar 15	Mar 14	month ago	year ago
236.64	235.67	236.84	229.87

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	70.150	-0.975	71.375	70.000	37,622	9,757
Jun	63.900	-0.850	65.000	63.825	20,761	3,440
Aug	61.975	-0.850	62.925	61.800	7,802	1,132
Oct	63.775	-0.675	64.550	63.550	4,424	701
Dec	64.850	-0.500	65.500	64.775	2,034	254
Feb	65.825	-0.575	66.425	65.725	1,814	55
Total					75,183	15,357

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Apr	41.150	-0.350	41.500	40.850	11,195	4,059
Jun	47.300	-0.500	47.700	47.200	13,289	3,612
Aug	45.675	-0.300	45.800	45.425	2,287	439
Oct	42.200	-0.350	42.525	42.200	2,298	246
Dec	42.800	-0.150	43.000	42.700	929	150
Feb	43.150	-0.075	43.350	43.100	238	30
Total					33,516	8,384

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Mar	47.600	-0.850	48.700	46.550	377	139
May	47.950	-1.050	48.200	47.700	5,364	3,299
Jul	47.875	-1.050	48.950	47.550	2,043	1,177
Aug	44.800	-1.400	46.100	44.800	405	116
Feb	53.625	-0.300	53.825	53.200	109	35
Mar	52.550	-	-	-	9	5
Total					8,307	4,768

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jun	Sep	Jun	Sep
1700	157	203	58	90
1750	128	176	79	112
1800	103	152	103	136
■ COPPER (Grade A) LME	Jun	Sep	Jun	Sep
2750	165	127	29	89
2800	133	103	44	113
2900	77	65	87	171
■ COFFEE LCE	May	Jul	May	Jul
3000	222	274	52	168
3050	189	248	69	192
3100	159	223	89	217
■ COCOA LCE	May	Jul	May	Jul
1025	14	37	58	70
1050	8	29	75	87
1075	5	22	97	105
■ BRENT CRUDE IPE	Apr	Jul	Apr	Jul
1650	-	82	7	55
1700	-	41	47	84
1750	-	26	-	119

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Apr)

		+or-
Dubai	$16.24-6.31z	+0.090
Brent Blend (dated)	$16.56-6.59	+0.150
Brent Blend (May)	$16.68-6.70z	+0.130
W.T.I. (1pm est)	$18.26-8.28	+0.170

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$172-173	+0.5
Gas Oil	$145-146	
Heavy Fuel Oil	$104-106	
Naphtha	$174-175	-1
Jet fuel	$166-167	+1
Diesel	$149-151	+1

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

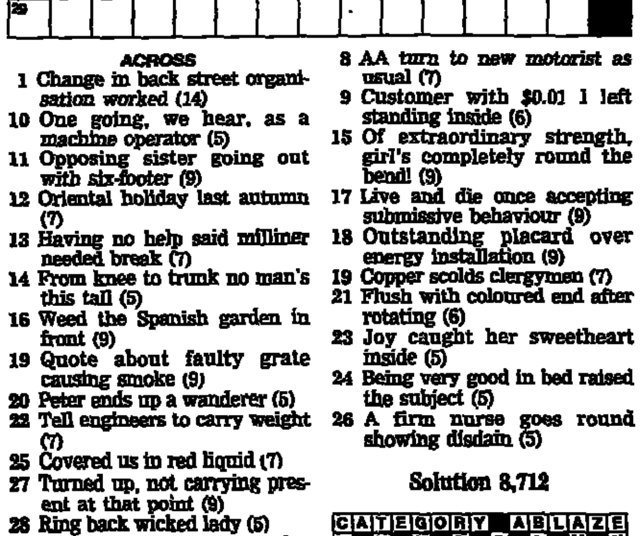
Gold (per troy oz)♣	$383.60	-3.00
Silver (per troy oz)♣	469.50c	-7.00
Platinum (per troy oz.)	$421.50	-3.25
Palladium (per troy oz.)	$161.85	+0.25
Copper (US prod.)	144.0c	-1.0
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	13.91m	-0.06
Tin (New York)	269.50c	+4.00
Cattle (live weight)†	121.30p	+0.33*
Sheep (live weight)†♠	127.44p	+2.57*
Pigs (live weight)	92.37p	+1.10*
Lon. day sugar (raw)	$347.0	-9.4
Lon. day sugar (wte)	$377.0	-7.0
Tate & Lyle export	£331.0	-8.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (Apr)♥	121.50p	+1.00
Rubber (May)♥	121.50p	+1.00
Rubber (KL RSS No1)	461.0m	+1.5
Coconut Oil (Phil)§	$635.0y	-20.0
Palm Oil (Malay.)§	$700.0z	-17.5
Copra (Phil)§	$425.0y	+3.0
Soyabeans (US)	£189.0y	+2.0
Cotton Outlook'A' Index	112.85c	-0.05
Wooltops (64s Super)	522p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Apr/Jun x Apr. y Apr/May. q Oct/Dec ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week ⊕ Prices are for previous day.

JOTTER PAD

CROSSWORD

No.8,713 Set by GRIFFIN



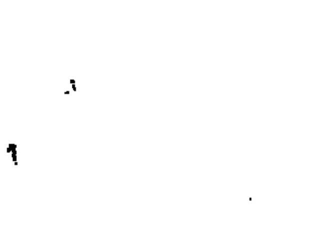
ACROSS

1 Change in back street organisation worked (14)
10 One going, we hear, as a machine operator (5)
11 Opposing sister going out with six-footer (9)
12 Oriental holiday last autumn (7)
13 Having no help said milliner needed break (7)
14 From knee to trunk no man's this tall (5)
16 Weed the Spanish garden in front (9)
19 Quote about faulty grate causing smoke (9)
20 Peter ends up a wanderer (5)
22 Tell engineers to carry weight (7)
25 Covered us in red liquid (7)
27 Turned up, not carrying present at that point (9)
28 Ring back wicked lady (5)
29 Char leaping around sprucing up the place? (6,8)

DOWN

2 Talking wildly about his bananas being lovely! (9)
3 Donor sent some from Norway (5)
4 Scrap torn dress in time (9)
5 A pink satin originally used for bloomers (5)
6 Jack gets filter without first ringing teetotaller (9)
7 Not fitting it holds vessel up (5)
8 AA turn to new motorist as usual (7)
9 Customer with $0.01 1 left standing inside (6)
15 Of extraordinary strength, girl's completely round the bend! (9)
17 Live and die once accepting submissive behaviour (9)
18 Outstanding placard over energy installation (9)
19 Copper scolds clergymen (7)
21 Flush with coloured end after rotating (6)
23 Joy caught her sweetheart inside (5)
24 Being very good in bed raised the subject (5)
26 A firm nurse goes round showing disdain (5)

Solution 8,712



INTERNATIONAL CAPITAL MARKETS

Treasuries surge on signs of slowing growth

By Lisa Bransten in New York and Graham Bowley in London

US Treasury prices surged late yesterday morning, with the yield on the long bond slipping below 7.3 per cent for the first time since last June, on signs that economic strength may be moderating.

At midday the benchmark 30-year Treasury was up $\frac{31}{32}$ at 104 to yield 7.289 per cent. At the short end of the market, the two-year note was $\frac{1}{8}$ higher at 100$\frac{13}{32}$, yielding 6.630 per cent.

Prices were lower early in the morning as the dollar slipped below late Wednesday levels against the D-Mark and the Japanese yen. A less valuable currency detracts from the bond market because it deters foreigners from holding US securities.

Later in the morning, however the dollar posted modest gains against those currencies.

But the market was more focused yesterday on the spate of economic data, most of which indicated a decline in recent levels of growth.

February consumer prices had a neutral effect on the market as the index came in at 0.3 per cent, just as a consensus of economists had forecast. Although the figure was higher than it has been in recent months, most economists have been expecting price pressures seen at earlier stages of production to trickle out into the consumer level.

More encouraging was a decline in the rate of growth of housing starts. Bond traders, who fear inflation because it erodes the value of longer-term securities, sent prices higher after the release of data showing the number of new homes built last month fell by 2.6 per cent from January rates.

With upward momentum established, the market jumped later in the morning after the Federal Reserve Bank of Philadelphia released its survey of business activity in the Atlantic seaboard region. In March, the overall index declined to 3.3 per cent versus 11.9 per cent in February.

Especially important was a decline in the prices paid component to 41.4 per cent from 46.2 per cent in February. The Fed has watched rising prices paid by manufacturers closely this business cycle and often used them to justify interest rate increases.

GOVERNMENT BONDS

■ The advance in US Treasuries pushed European government bond markets higher yesterday.

German government bonds led the way, with bunds rising sharply after the Bundesbank left interest rates unchanged at its fortnightly meeting and as the D-Mark continued to strengthen against other European currencies.

The yield on the benchmark 10-year bund fell back to 7.16 per cent and the June bund contract on Liffe rose 0.88 to 92.00.

Mr Stephen Hannah of IBJ International said the 10-year yield could move as low as 7 per cent. But other analysts doubted whether current gains could be maintained.

"The market remains vulnerable at these levels," said Mr Klaus Baader at Lehman Brothers. He said economic data out next week, including figures for the M3 money supply and inflation data, would provide an important test for the market. "After disappointing inflation data in February, the market is definitely looking for better numbers this month," he said.

A wave of speculation that the Bundesbank might cut interest rates swept the market early in the session, triggered by comments from Mr Hans Tietmeyer, the Bundesbank president.

However, the German central bank announced that its Lombard rate was to remain at 6.0 per cent and the discount rate at 4.5 per cent, while its "repo" rate, unchanged since July last year, was again fixed at 4.85 per cent.

The decision boosted the long end of the yield curve while shorter-dated maturities reacted negatively but bunds rose sharply across the board in later trading as Treasuries rose and as sterling and lira moved to new lows against the D-Mark, renewing some speculation that the Bundesbank might still cut interest rates to stem currency volatility.

■ Italian government bonds rallied after the government won the vote of confidence on its L20,000bn mini-budget but the rally was muted, dealers said, and the market "remains very fragile".

Mr Stephen Hannah at IBJ International said the yield premium on Italian bonds over bunds, which ended yesterday at 638 basis points, could widen further to between 700 and 800 basis points.

"It is going to take that level of yield to attract investors into the market," he said.

■ UK gilts tracked bunds and US Treasuries higher, shrugging off sterling weakness and higher than expected public sector borrowing figures.

Ten-year maturities posted the strongest gains, "reflecting the fact that most of the gains were futures-led", rather than in the cash market, said Mr Bob Dobson, head of gilts at Daiwa Europe.

"Gilts are technically in very good shape after breaking through the key resistance level at just below 103," said Mr Hannah. The long gilt future on Liffe settled at 103½, up $\frac{13}{32}$.

The Bank of England is expected to announce details of its next auction today, with traders anticipating a sale of 8 per cent gilts due 2015.

CFTC chief urges regulation review

By Laurie Morse in Boca Raton

Mrs Mary Schapiro, chairman of the Commodity Futures Trading Commission, has called for a thorough re-examination of futures regulations and exchange protections, both in the US and globally, in the wake of the Barings crisis.

DERIVATIVE INSTRUMENTS

Speaking at a meeting of international futures industry executives in Boca Raton, Florida, Mrs Schapiro said the CFTC would convene a meeting of futures market regulators from the world's leading markets to:

- enhance communication among international regulators and market authorities during times of financial crisis;
- identify legal and practical impediments to containing spill-over from localised financial disruptions;
- foster protection of customer funds wherever they are located;
- promote national bankruptcy laws that would distinguish between market positions of solvent customers with insolvent brokerage firms;
- and improve mechanisms for detecting positions held in multiple markets that threaten market integrity.

Mrs Schapiro said that her agency, which is the chief derivatives regulator in the US, intended to investigate the practical and legal obstacles that US futures firms have encountered in transferring positions and funds held by Barings Singapore, and to adjust US regulations to address those problems.

Sudwest LB brings tightly priced $200m four-year deal

By Martin Brice

The eurobond market spluttered into life yesterday, although the dominance of AAA rated issuers showed investors remained cautious.

The tight swap spreads and lack of arbitrage opportunities continued but some swaps seemed to be possible.

SudwestDeutsche LB brought a $200m four-year deal carrying a 7 per cent coupon which lead manager PaineWebber admitted was aggressively priced at 5½ basis points over the Treasury curve.

A PaineWebber syndicate official said: "This is universally regarded as being aggressive. Tight pricing is the only way to do a deal today, to get the swap to work."

PaineWebber said the deal was aimed at Swiss retail buyers who wanted AAA rated paper. It used a very small syndicate to which it allowed small tickets. "We have the distribution for this deal," said an official.

INTERNATIONAL BONDS

Another house said there was likely to be good demand for a 7 per cent coupon on bonds from a AAA rated borrower.

GECC, also AAA rated, brought a $200m deal, which was rapidly increased to $250m by lead manager SBC in the light of strong demand.

The two-year paper carried a coupon of 7 per cent and came at a spread of 8 basis points over Treasuries. SBC reported Swiss retail demand and some switching out of other bonds into the GECC deal by UK institutions.

A syndicate official said: "There is a real lack of supply at the short end of the dollar market." An EIB dollar deal is now trading at 15 through Treasuries, said SBC, and a GECC issue with a coupon of 7⅝ per cent maturing in 1997 has tightened in to trade at 2 over Treasuries.

A flurry of floating-rate asset-backed dollar-denominated bonds included a two-tranche deal for AAA rated MBNA Master Trust, the credit card group, handled by Merrill Lynch. A $500.25m tranche has a coupon of 27 basis points over one-month Libor and matures in August 2004. Another $25.875m tranche has a coupon of 45 points over one-month Libor and matures in September 2004.

BZW brought a $100m deal maturing in 1997 for Repackaged Sovereign Investments, an AAA rated vehicle which swaps an income stream from European government bonds into dollars, which provide the securities behind the issue. The deal came at three-month Libor plus 15 basis points, and BZW saw demand from European and UK institutions. The bonds are 20 per cent weighted for capital adequacy purposes.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
MBNA MT S.1995-A Class A(a)‡	500.25	(a1)	100.00R	Aug.2004	0.40R	-	Merrill Lynch & Co.
GECC	250	7.00	100.20R	Apr.1997	0.125R	+8(6⅞%-97)	Swiss Bank Corp.
Sudwest. LB Capl.Mkts.(b)	200	7.00	99.97R	Apr.1999	0.225R	+5½(b1)	PaineWebber International
Repackaged Sov. Invs.(c)‡	100	(d)	99.80	Dec.1997	0.15	-	Barclays de Zoete Wedd
Lunch, Series A(c)‡	50	(e)	100.25	Jun.2001	0.25	-	Sumitomo Trust Intl.
SWISS FRANCS							
City of Vienna★	200	5.25	102.50	Apr.2001	1.625	-	Bk.von Ernst/Merrill Lynch
Sanken Electric Co.(f)ф★	130	2.375	100.00	Apr.1999	1.625	-	Credit Suisse
ITALIAN LIRE							
Deutsche Bank Finance(g)	100bn	11.00	99.825	Nov.1996	1.125	-	Deutsche Bank London
GUILDERS							
Nederlandse Waterschapsbank	250	7.50	99.32R	Apr.2005	0.325R	+18½(7¾%-05)	ING Bank
LUXEMBOURG FRANCS							
Genfinance Luxembourg	2bn	(h)	101.75	May.2004	2.00	-	BGL
Bacob Overseas(c)	2bn	7.75	102.20	Feb.2000	1.75	-	Bacob Bank Luxembourg
Aslk-Cger Ifico	2bn	7.625	102.05	Apr.2004	1.625	-	Banque UCL

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. фWith equity warrants. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) MBNA Master Trust. Legal final: 15/1/07. Av life: 9.4 yrs. a1) 1-mth Libor +27bp. a2) Class B: $25⅞m, exptd maturity: 15/9/04, 1-mth Libor +45bp, 100R, av life: 9.48 yrs. b) Long last coupon. b1) Over interpolated yield. c) Short 1st coupon. d) 3-mth Libor +15bp. e) 6-mth Libor +40bp. f) Fixing: 20/3/95. Refixing: 12/7/96 & 11/7/97. g) Fungible with L350bn. Plus 150 days accrued. h) 7¾% to 4/5/01 and 9½ thereafter.

Philadelphia and Hong Kong exchanges in link

By Laurie Morse

The Philadelphia Stock Exchange has agreed to link its currency options trading electronically with the Hong Kong Futures Exchange, allowing them to trade internationally for 20 hours a day.

Hong Kong is one of the more active foreign exchange trading centres in the world, and recent changes in its financial regulations will benefit exchange-traded currency instruments, said Mr K.C. Leong, chairman of the Hong Kong exchange.

The HKFE is planning a stable of futures contracts on the world's major currencies, a venture that will boost the options link with Phlx, Mr Leong said. The exchange is best known for its Hang Seng stock index futures product.

Mr Ivers Riley, now chief executive of the HKFE and once a consultant to the Phlx, said: "We are extremely excited at the prospect of trading one of the world's most successful exchange-based products. Phlx currency options are in demand in Asia, and we are confident that this linkage is the most effective way to meet that demand."

Although Hong Kong is a major currency trading centre, transferring that activity to an organised exchange may be difficult, industry experts say.

"The Asian interbank foreign currency market is liquid, cheap, and well organised, and the banks are happy with that," said Mr Les Hoskings, chairman of the Sydney Futures Exchange.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.8400	-0.410	10.02	10.23	10.03
Austria		7.500	01/05	100.1500	+0.550	7.47	7.65	7.65
Belgium		7.750	10/04	97.8800	+0.680	8.07	8.33	8.25
Canada *		9.000	12/04	103.1500	+0.500	8.51	8.68	8.97
Denmark		7.000	12/04	87.8000	+0.650	8.92	9.19	8.84
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	96.8100	+0.690	7.94	8.25	8.03
Germany Bund		7.375	01/05	101.4300	+0.870	7.16	7.43	7.42
Ireland		8.250	10/04	83.4000	+0.400	8.81†	8.80	8.79
Italy		9.500	01/05	80.2500	+0.370	13.14	13.12	10.82
Japan	No 119	4.800	06/99	105.8750	+0.734	3.29	3.51	3.99
	No 174	4.600	09/04	104.2370	+0.606	3.99	4.16	4.66
Netherlands		7.750	03/05	102.8800	+0.880	7.33	7.58	7.57
Portugal		11.875	02/05	99.6000	-0.050	11.94	12.14	11.65
Spain		10.000	02/05	87.1900	+0.330	12.28	12.53	11.53
Sweden		6.000	02/05	69.5800	+0.049	11.25	11.31	10.84
UK Gilts		6.000	08/99	91-20	+11/32	8.32	8.63	8.53
		8.500	12/05	100-23	+24/32	8.40	8.73	8.57
		9.000	10/08	104-26	+29/32	8.40	8.71	8.56
US Treasury *		7.500	02/05	103-15	+30/32	7.01	7.31	7.52
		7.625	02/25	104-03	+43/32	7.29	7.54	7.64
ECU (French Govt)		6.000	04/04	85.0300	+0.630	8.42	8.73	8.43

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	5.99	Two year	6.70
Prime rate	9	Two month	5.91	Three year	6.80
Broker loan rate	6¾	Three month	5.92	Five year	6.94
Fed.funds	5$\frac{15}{16}$	Six month	6.18	10-year	7.09
Fed.funds at intervention	-	One year	6.40	30-year	7.36

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	111.88	112.26	+0.48	112.34	111.46	164,108	122,129
Sep	111.44	111.96	+0.54	111.48	111.26	806	5,057
Dec	111.36	111.86	+0.58	111.36	111.38	2	1,539

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
110	1.65	2.35	2.72	0.09	0.51	1.14
111	1.05	1.71	1.94	0.19	0.75	1.62
112	0.70	1.41	1.65	0.43	-	-
113	0.28	0.89	0.72	1.20	-	-
114	0.03	0.48	0.67	-	-	-

Est. vol. total, Calls N/A Puts N/A . Previous day's open int., Calls N/A Puts N/A .

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	91.42	92.00	+0.88	92.07	91.15	192440	170312
Sep	90.80	91.50	+0.88	91.35	90.70	449	2164

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9200	0.34	0.66	0.90	1.06	0.34	0.66	0.90	1.56
9250	0.15	0.44	0.67	0.85	0.65	0.94	1.17	1.85
9300	0.05	0.27	0.48	0.68	1.05	1.27	1.48	2.18

Est. vol. total, Calls 16298 Puts 11782. Previous day's open int., Calls 150865 Puts 131801

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.20	93.28	+0.65	93.60	92.00	52571	51953
Sep	-	92.28	+0.85	-	-	0	37

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9300	2.22	2.69	1.94	3.41
9350	1.94	2.47	2.16	3.69
9400	1.70	2.27	2.42	3.99

Est. vol. total, Calls 1717 Puts 1824. Previous day's open int., Calls 35130 Puts 24600

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	81.35	81.49	+0.30	81.60	81.00	61,556	42,830

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	102-24	103-10	+0-24	103-11	102-24	389	14970
Jun	103-00	103-16	+0-25	103-20	102-21	67072	79201
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	74	50

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
103	0-52	1-20	1-43	2-14	0-20	0-52	1-11	1-58
104	0-18	0-51	1-09	1-48	0-50	1-19	1-41	2-28
105	0-05	0-26	0-47	1-22	1-37	1-60	2-16	3-02

Est. vol. total, Calls 4432 Puts 2620. Previous day's open int., Calls 31862 Puts 54886

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	81.58	82.02	+0.44	82.08	81.46	2,020	8,539

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	105-04	104-31	-0-06	105-04	104-24	28,437	67,487
Jun	104-20	104-14	-0-06	104-23	104-07	458,354	305,420
Sep	104-07	104-00	-0-06	104-07	103-27	900	13,707

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	111.92	-	-	112.30	111.82	4469	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Mar 16	Day's change %	Wed Mar 15	Accrued interest	xd adj. ytd
1 Up to 5 years (24)	119.53	+0.16	119.33	1.62	2.53
2 5-15 years (21)	141.06	+0.57	140.27	1.94	2.93
3 Over 15 years (9)	157.55	+0.85	156.32	1.19	4.05
4 Irredeemables (6)	180.99	+0.51	180.06	2.79	1.47
5 All stocks (60)	137.73	+0.48	137.08	1.74	2.96
Index-linked					
6 Up to 5 years (2)	190.17	+0.12	189.94	0.88	1.45
7 Over 5 years (11)	175.44	+0.42	174.70	0.56	1.28
8 All stocks (13)	176.06	+0.39	175.36	0.59	1.29

	Low coupon yield Mar 16	Low Mar 15	Low Yr. ago	Medium coupon yield Mar 16	Medium Mar 15	Medium Yr. ago	High coupon yield Mar 16	High Mar 15	High Yr. ago
5 yrs	8.39	8.45	6.62	8.41	8.49	6.85	8.56	8.63	6.96
15 yrs	8.32	8.41	7.35	8.43	8.51	7.45	8.63	8.73	7.71
20 yrs	8.31	8.38	7.48	8.43	8.51	7.46	8.56	8.66	7.72
Irred.†	8.39	8.43	7.60						

	Inflation 5% Mar 16	Inflation 5% Mar 15	Inflation 5% Yr. ago	Inflation 10% Mar 16	Inflation 10% Mar 15	Inflation 10% Yr. ago
Up to 5 yrs	3.59	3.66	2.64	2.30	2.37	1.79
Over 5 yrs	3.85	3.88	3.29	3.67	3.70	3.12

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 16	Mar 15	Mar 14	Mar 13	Mar 10	Yr ago	High*	Low*
Govt. Secs. (UK)	92.01	91.74	91.52	90.89	90.22	99.55	107.04	89.54
Fixed Interest	110.43	109.83	109.54	109.34	109.29	120.96	133.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Mar 15	Mar 14	Mar 13	Mar 10	Mar 9
Gilt Edged bargains	133.1	83.0	104.1	151.3	207.9
5-day average	135.9	131.2	134.7	129.3	116.9

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on March 16

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	93	93¼	+⅝	7.68
Alberta Province 7⅝ 98	1000	101⅛	101½	[illegible]	7.24
United Kingdom 7⅛ 97	5500	102¼	102⅜	+¼	6.15
Volkswagen Intl Fin 7 03	1000	95⅞	96⅝	+½	7.69
World Bank 0 15	2000	23½	24¼	+1	7.22
Abbey Natl Treasury 8 03 £	1000	93¼	93½	+⅜	9.22
Alliance Leics 11⅜ 97 £	100	105⅜	105⅝	+⅛	8.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
Shorts (Lives up to Five Years)						
Exch 3pc Gas 1990-95	3.01	6.10	99$\frac{21}{32}$	+$\frac{1}{32}$	103¾	97¾
10¼pc 1995	10.12	6.48	101$\frac{9}{32}$	—	107$\frac{13}{16}$	101$\frac{5}{32}$
Treas 12¾pc 1995‡‡	12.29	6.76	103¾	—	113⅝	103¾
14pc 1996	13.24	6.87	105¾	—	117$\frac{3}{16}$	105$\frac{15}{32}$
15¼pc 1996‡‡	14.04	7.15	108⅝	—	121$\frac{15}{32}$	108$\frac{7}{16}$
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conversion 9½pc 2004	8.93	8.50	[illegible]	[illegible]	[illegible]	[illegible]
Treas 6¾pc 2004‡‡	7.57	8.40	[illegible]	[illegible]	[illegible]	[illegible]
8½pc 2005‡‡	8.44	8.38	[illegible]	[illegible]	[illegible]	[illegible]
Conv 9½pc 2005	8.90	8.48	[illegible]	[illegible]	[illegible]	[illegible]
Treas 12½pc 2003-5	10.19	8.71	[illegible]	[illegible]	[illegible]	[illegible]
7¾pc 2006‡‡	8.14	8.40	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Currencies wilt as Buba keeps rates on hold

Sterling fell to an all time low against the D-Mark yesterday after the Bundesbank council's decided to leave its interest rates unchanged, *writes Philip Gawith.*

Expectations that the Bundesbank might trim its repo rate had built up over the previous day, lending some support to the dollar, sterling and other European currencies. When these hopes were dashed, the D-Mark made sharp gains across the board, with sterling being the most conspicuous victim.

The UK currency finished in London at DM2.2098, after earlier touching a low of DM2.2035. Against the dollar it finished at $1.5919 from $1.5965.

The dollar fell sharply after the Bundesbank announcement, but made up most of its losses in the afternoon, helped by the rally in US bond and equity markets. It finished in London at DM1.3882 from DM1.3926.

The controversy over comments made by Mr Kenneth Clarke, the chancellor, did not appear to be a factor in the pound's weakness. Apart from generalised D-Mark strength, the main factor undermining sterling is the concern that UK interest rates may be on hold for a few months.

Aside from the Bundesbank council, the main currency market focus was on Italy. The lira fell to a historic low of L1,228 against the D-Mark ahead of the confidence vote on the mini-budget. It recovered slightly when Mr Lamberto Dini, the prime minister, won a narrow victory.

Elsewhere, the Mexican peso was in trouble again, closing 54 centavos lower at 7.27 pesos against the dollar. The South African rand, however, continued to trade solidly, finishing at R3.5725, from R3.585, against the dollar.

■ The Bundesbank meeting was the focus for foreign exchange markets. Comments from senior officials over the past week had left open the possibility of a fall in rates, although some observers saw this as no more than an effort to prevent the market becoming too one-directional in its view of German interest rates.

The opinion that the central bank had room to trim the repo rate had been fuelled by the sharp appreciation of the D-Mark in recent weeks, which has the effect of tightening monetary policy.

On a trade weighted basis, the D-Mark has risen by around 8.7 per cent since the start of 1994, with 5.5 per cent of this coming in 1995.

Against this, the German spring wage round is still under way. The decision by public sector unions to ask for a 6 per cent wage rise in 1995 would have encouraged Bundesbank caution.

There was some surprise among industrialists that the Bundesbank had not made an effort to alleviate the problems caused by the strong D-Mark.

Despite rumours, there was no sign of central banks in the market. However, Mr Yves-Thibault de Silguy, EU commissioner for monetary affairs, told the European Parliament in Strasbourg that recent currency turbulence was the product of a US policy of "benign neglect" towards the dollar.

"The fate of the US currency is a global phenomenon which requires a global response," said Mr de Silguy.

■ The principal reason for sterling's weakness was D-Mark strength. This was aggravated by the increasing perception that UK interest rates will not rise for some time. This follows a series of data showing better inflation, but slowing economic growth.

Mr Tony Norfield, UK treasury economist at ABN AMRO bank in London, said that from a chart perspective, it was possible that the December short sterling future, could end up discounting rates as low as 7.5 per cent, compared to 8.12 per cent presently.

If so, interest rates would only rise by another 75 basis points this year. Helped by the strong performance of US interest rate markets, contract prices rose across the board, with the June contract finishing at 92.6, from 92.65.

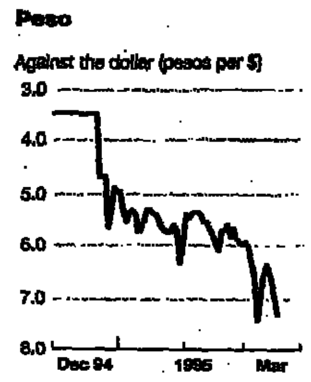
Lower rates may be the wrong medicine for sterling. Mr Ian Harnett, chief economist at Societe Generale in London, is one who believes that the message from the market about sterling is that UK monetary policy is too loose.

"It feels as if there is not a great deal supporting sterling now," said Mr Harnett. "People feel that interest rate differentials are moving away from it."

The Bank of England provided £190m late assistance towards clearing a £400m daily shortage.

Peso

Against the dollar (pesos per $)



Source: FT Graphite

■ **Pound in New York**

Mar 16	Latest	Prev. close
£ spot	1.5900	1.5935
1 mth	1.5898	1.5934
3 mth	1.5885	1.5983
1 yr	1.5786	1.5863

■ **OTHER CURRENCIES**

Mar 16	£	$
Hungary	185.251 - 185.491	116.400 - 116.500
Iran	2783.17 - 2785.12	1748.00 - 1750.00
Kuwait	0.4698 - 0.4703	0.2952 - 0.2954
Poland	3.7348 - 3.7377	2.3467 - 2.3475
Russia	7605.96 - 7607.35	4777.00 - 4780.00
U.A.E.	5.8448 - 5.8478	3.6725 - 3.6738

POUND SPOT FORWARD AGAINST THE POUND

Mar 16		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5538	-0.0946	447 - 628	15.8275	15.4996	15.5414	1.0	15.5076	1.2	-	-	108.6
Belgium	(BFr)	45.6861	-0.1846	490 - 232	46.0960	45.5170	45.7061	-0.5	45.6611	0.2	45.3161	0.8	110.7
Denmark	(DKr)	8.9096	-0.0316	060 - 131	8.9885	8.8860	8.921	-1.5	8.9023	0.3	8.891	0.2	108.0
Finland	(FM)	6.8951	-0.0291	893 - 009	6.9570	6.8570	-	-	-	-	-	-	86.9
France	(FFr)	7.8884	-0.0132	859 - 909	7.9297	7.8583	7.9045	-2.5	7.9293	-2.1	7.9021	-0.2	108.9
Germany	(DM)	2.2098	-0.0135	087 - 109	2.2313	2.2018	2.2073	1.4	2.2011	1.6	2.1649	2.0	114.5
Greece	(Dr)	361.748	+0.699	271 - 226	364.983	359.170	-	-	-	-	-	-	68.8
Ireland	(I£)	1.0025	-0.0017	019 - 030	1.0060	0.9981	1.0018	0.8	1.0011	0.5	1.0027	0.0	95.4
Italy	(L)	2678.05	-4.23	690 - 919	2721.69	2656.03	2689.55	-5.2	2709.85	-4.7	2792.55	-4.3	68.0
Luxembourg	(LFr)	45.6861	-0.1846	490 - 232	46.0960	45.5170	45.7061	-0.5	45.6611	0.2	45.3161	0.8	110.7
Netherlands	(Fl)	2.4801	-0.013	788 - 814	2.5038	2.4715	2.4776	1.2	2.471	1.5	2.4326	1.9	110.9
Norway	(NKr)	9.9131	-0.0283	093 - 169	9.9949	9.8705	9.912	0.1	9.9098	0.1	9.8983	0.1	99.6
Portugal	(Es)	233.763	-1.242	473 - 053	238.645	232.969	234.558	-4.1	236.268	-4.3	-	-	97.2
Spain	(Pta)	204.195	+0.641	094 - 295	204.962	203.678	204.78	-3.4	205.915	-3.4	210.365	-3.0	77.3
Sweden	(SKr)	11.4335	-0.0598	230 - 439	11.5489	11.3954	11.4356	-0.2	11.4395	-0.2	11.4512	-0.2	79.1
Switzerland	(SFr)	1.8353	-0.0103	345 - 361	1.8477	1.8273	1.831	2.8	1.8219	2.9	1.7741	3.3	114.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.6
Ecu	-	1.2113	-0.0048	103 - 122	1.2222	1.2068	1.2121	-0.7	1.2125	-0.4	1.207	0.4	-
SDR†	-	1.03358	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5921	-0.0047	917 - 925	1.6037	1.5868	-	-	-	-	-	-	-
Brazil	(Cr)	1.4271	+0.0134	244 - 298	1.4328	1.4217	-	-	-	-	-	-	-
Canada	(C$)	2.2518	-0.0077	509 - 526	2.2709	2.2485	2.2558	-2.1	2.2612	-1.7	2.2623	-0.5	80.2
Mexico	(New Peso)	11.5728	+0.8363	906 - 549	11.8190	11.0574	-	-	-	-	-	-	-
USA	($)	1.5919	-0.0046	915 - 922	1.6035	1.5885	1.592	-0.1	1.5907	0.3	1.579	0.8	90.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1334	-0.0068	322 - 346	2.1947	2.1318	2.1383	-1.8	2.1422	-1.6	2.1659	-1.5	82.4
Hong Kong	(HK$)	12.3072	-0.0365	037 - 107	12.3959	12.2813	12.3068	0.0	12.3075	0.0	12.3008	0.1	-
India	(Rs)	50.1433	-0.0063	527 - 339	50.5580	50.0517	-	-	-	-	-	-	-
Israel	(Shk)	4.6989	-0.0164	932 - 048	4.7545	4.6925	-	-	-	-	-	-	-
Japan	(Y)	142.590	-0.884	519 - 661	143.790	142.100	142.1	4.1	141.005	4.4	135.095	5.3	160.4
Malaysia	(M$)	4.0543	-0.008	526 - 560	4.0609	4.0487	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4443	-0.0117	428 - 458	2.4458	2.4421	2.4504	-3.0	2.4608	-2.7	2.4609	-1.5	96.9
Philipines	(Peso)	41.1971	-0.1524	084 - 857	41.2898	41.1074	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9701	-0.0174	684 - 717	6.0136	5.9577	-	-	-	-	-	-	-
Singapore	(S$)	2.2461	-0.009	448 - 474	2.2593	2.2433	-	-	-	-	-	-	-
South Africa	(R)	5.6869	-0.0368	840 - 897	5.7340	5.6837	-	-	-	-	-	-	-
South Korea	(Won)	1237.27	-6.96	691 - 762	1247.66	1234.74	-	-	-	-	-	-	-
Taiwan	(T$)	41.4502	-0.1933	363 - 641	41.7549	41.3677	-	-	-	-	-	-	-
Thailand	(Bt)	39.3506	-0.1309	260 - 751	39.6060	39.2680	-	-	-	-	-	-	-

†SDR rates per £ for Mar 15. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 16		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	9.7709	-0.0308	673 - 744	9.8420	9.7065	9.7609	1.2	9.7404	1.2	9.6699	1.0	107.9
Belgium	(BFr)	28.7000	-0.032	830 - 170	28.8500	28.4920	28.715	-0.6	28.735	-0.5	28.66	0.1	109.7
Denmark	(DKr)	5.5970	-0.0035	960 - 980	5.6400	5.5583	5.6025	-1.2	5.61	-0.9	5.6305	-0.6	106.9
Finland	(FM)	4.3316	-0.0056	288 - 342	4.3633	4.2995	4.332	-0.1	4.3325	-0.1	4.3235	0.2	85.6
France	(FFr)	4.9555	+0.0061	550 - 560	4.9660	4.9150	4.9659	-2.5	4.985	-2.4	5.0045	-1.0	111.5
Germany	(DM)	1.3882	-0.0044	878 - 886	1.4002	1.3785	1.3867	1.3	1.3839	1.3	1.3712	1.2	113.0
Greece	(Dr)	227.250	+1.1	000 - 500	226.300	225.100	229.75	-13.2	234	-11.9	251.75	-10.8	68.3
Ireland	(I£)	1.5880	-0.002	875 - 885	1.6005	1.5847	1.5888	-0.6	1.5912	-0.8	1.6013	-0.8	-
Italy	(L)	1682.35	+2.25	200 - 270	1705.00	1661.50	1689.65	-5.2	1703.6	-5.1	1768.35	-5.1	64.9
Luxembourg	(LFr)	28.7000	-0.032	830 - 170	28.8500	28.4920	28.715	-0.6	28.735	-0.5	28.66	0.1	109.7
Netherlands	(Fl)	1.5580	-0.0038	575 - 585	1.5690	1.5455	1.5566	1.1	1.5535	1.2	1.5401	1.2	109.7
Norway	(NKr)	6.2274	+0.0004	264 - 284	6.2734	6.1770	6.2229	0.9	6.2144	0.8	6.1904	0.6	98.7
Portugal	(Es)	146.850	-0.35	700 - 000	149.200	146.050	147.41	-4.6	148.62	-4.8	153.6	-4.6	97.1
Spain	(Pta)	128.275	+0.775	240 - 310	128.560	127.400	128.65	-3.5	129.465	-3.7	133.225	-3.9	76.8
Sweden	(SKr)	7.1825	-0.0166	775 - 875	7.2531	7.1266	7.1978	-2.5	7.228	-2.5	7.3575	-2.4	78.4
Switzerland	(SFr)	1.1530	-0.003	527 - 532	1.1600	1.1425	1.1503	2.8	1.1455	2.6	1.1238	2.5	112.9
UK	(£)	1.5919	-0.0046	915 - 922	1.6035	1.5885	1.592	-0.1	1.5907	0.3	1.579	0.8	84.2
Ecu	-	1.3143	+0.0014	135 - 150	1.3205	1.3079	1.3134	0.8	1.3119	0.7	1.3083	0.5	-
SDR†	-	0.65210	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	-	001 - 002	1.0002	1.0001	-	-	-	-	-	-	-
Brazil	(Cr)	0.8965	+0.011	950 - 980	0.8980	0.8900	-	-	-	-	-	-	-
Canada	(C$)	1.4146	-0.0007	143 - 148	1.4173	1.4123	1.4172	-2.2	1.4215	-1.9	1.4321	-1.2	78.8
Mexico	(New Peso)	7.2700	+0.545	200 - 200	7.3600	7.2200	7.2722	-0.4	7.2754	-0.3	7.2803	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	91.8
Pacific/Middle East/Africa													
Australia	(A$)	1.3401	-0.0002	398 - 407	1.3419	1.3307	1.3419	-1.6	1.3467	-2.0	1.3713	-2.3	83.2
Hong Kong	(HK$)	7.7314	-0.0003	309 - 319	7.7324	7.7307	7.7302	0.2	7.7344	-0.2	7.7699	-0.5	-
India	(Rs)	31.5000	+0.0675	500 - 500	31.5600	31.4045	31.58	-3.0	31.825	-4.1	-	-	-
Israel	(Shk)	2.9519	-0.0016	489 - 548	2.9658	2.9462	-	-	-	-	-	-	-
Japan	(Y)	89.5750	-0.28	500 - 000	90.0300	89.1000	89.275	4.0	88.665	4.1	85.56	4.5	161.1
Malaysia	(M$)	2.5469	+0.0024	464 - 474	2.5480	2.5442	2.5449	0.9	2.5425	0.7	2.5369	0.4	-
New Zealand	(NZ$)	1.5354	-0.0028	349 - 361	1.5374	1.5245	1.5392	-3.0	1.5472	-3.1	1.5705	-2.3	-
Philipines	(Peso)	25.8800	-0.02	300 - 300	25.9300	25.8300	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	-	502 - 506	3.7506	3.7501	3.7513	-0.3	3.7534	-0.3	3.7654	-0.4	-
Singapore	(S$)	1.4110	-0.0015	105 - 115	1.4128	1.4095	1.4058	4.5	1.3975	3.8	1.371	2.8	-
South Africa	(R)	3.5725	-0.0125	715 - 735	3.5790	3.5650	3.5905	-6.0	3.6278	-6.2	3.8217	-7.0	-
South Korea	(Won)	777.250	-2.1	200 - 300	779.800	777.200	780.25	-4.6	783.75	-3.3	802.25	-3.2	-
Taiwan	(T$)	26.0390	-0.0453	360 - 420	26.0460	26.0320	26.059	-0.9	26.099	-0.9	-	-	-
Thailand	(Bt)	24.7200	-0.01	100 - 300	24.7400	24.7000	24.741	-1.0	24.7675	-0.8	24.855	-0.5	-

†SDR rate per $ for Mar 15. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 15. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 16	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	6½	6⅝	6⅝	6⅞	6⅞	7.40	4.50	-
week ago	4⅞	6⅝	6¾	6¾	6⅞	7.40	4.50	-
France	7⅝	8¼	8½	8⅝	7¾	5.00	-	8.00
week ago	7⅝	8⅛	8⅝	8¼	8	5.00	-	8.00
Germany	4.90	4.93	5.00	5.13	5.50	6.00	4.50	4.85
week ago	4.88	4.93	5.05	5.20	5.65	6.00	4.50	4.85
Ireland	5⅞	6¾	7	7⅛	7⅞	-	-	6.25
week ago	5⅞	6¾	7¼	7½	7⅜	-	-	6.25
Italy	9⅞	10⅝	11⅛	11½	12	-	7.50	10.40
week ago	8¾	10⅞	10⅞	11	11½	-	7.50	8.35
Netherlands	4.90	5.01	5.10	5.27	5.64	-	5.25	-
week ago	4.84	5.01	5.13	5.31	5.72	-	5.25	-
Switzerland	3¾	3½	3⅞	3⅞	4⅛	6.625	3.50	-
week ago	3½	3½	3⅝	4	4⅛	6.625	3.50	-
US	5⅞	6⅛	6⅜	6⅝	6⅞	-	5.25	-
week ago	5⅝	6⅛	6¼	6½	6⅞	-	5.25	-
Japan	2⅜	2⅜	2½	2¼	2⅝	-	1.75	-
week ago	2⅜	2¼	2⅝	2¼	2⅝	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	6⅛	6¼	6½	6⅝	-	-	-
week ago	-	6⅛	6⅜	6½	6⅞	-	-	-
US Dollar CDs	-	5.91	6.08	6.27	6.68	-	-	-
week ago	-	5.91	6.10	6.33	6.74	-	-	-
SDR Linked Ds	-	4⅜	4½	4⅝	4⅞	-	-	-
week ago	-	4⅜	4½	4⅝	4⅞	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅝; 3 mths: 6¾; 6 mths: 6⅞; 1 year: 7⅛. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 16	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6 1/16 - 5 15/16	6¼ - 6⅛	6 11/16 - 6 9/16	6 11/16 - 6 9/16	6 13/16 - 6 11/16	6⅞ - 6¾
Danish Krone	6½ - 6¼	7¼ - 7	7⅜ - 7⅛	7½ - 7¼	7½ - 7¼	7¾ - 7½
D-Mark	4⅞ - 4¾	4⅞ - 4¾	4⅞ - 4¾	5 - 4⅞	5⅛ - 5	5½ - 5⅜
Dutch Guilder	4 15/16 - 4⅞	4 15/16 - 4⅞	5 - 4 29/32	5 1/16 - 5	5¼ - 5 3/16	5⅝ - 5 9/16
French Franc	8 - 7½	8¼ - 7¾	8¾ - 8¼	8¾ - 8¼	8½ - 8	8 - 7½
Portuguese Esc.	8⅝ - 8½	9⅞ - 9½	10⅝ - 10⅛	11⅛ - 10⅝	11¼ - 10¾	11⅞ - 11¼
Spanish Peseta	8¾ - 8⅝	9 - 8⅞	9⅝ - 9¼	9¾ - 9⅝	10 1/16 - 9 13/16	10¾ - 10⅝
Sterling	5¼ - 5	5⅜ - 5⅛	6 3/16 - 6 1/16	6 11/16 - 6 9/16	7⅛ - 7	7¾ - 7⅝
Swiss Franc	3 5/16 - 3 3/16	3 7/16 - 3 5/16	3½ - 3⅜	3⅝ - 3⅜	3 13/16 - 3 11/16	4 1/16 - 3 15/16
Can. Dollar	8¼ - 8 3/16	8 - 7 13/16	8⅛ - 8	8 3/16 - 8 1/16	8 3/16 - 8 1/16	8 3/16 - 8 1/16
US Dollar	6 - 5⅞	6 1/16 - 5 15/16	6⅛ - 6	6¼ - 6⅛	6 7/16 - 6 5/16	6¾ - 6⅝
Italian Lira	10½ - 9	10⅝ - 10½	10 13/16 - 10 11/16	11⅛ - 11	11⅝ - 11½	12 - 11⅞
Yen	2⅜ - 2⅛	2 7/32 - 2 3/32	2¼ - 2⅛	2 3/16 - 2⅛	2 3/16 - 2⅛	2 3/16 - 2⅛
Asian $Sing	½ - ¼	1⅛ - 1	1 13/16 - 1 11/16	2¼ - 2⅛	2¾ - 2⅝	3¼ - 3⅛

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.20	92.04	-0.18	92.24	91.81	59,517	55,791
Sep	93.01	92.92	-0.13	93.15	92.80	12,611	32,754
Dec	93.10	93.05	-0.09	93.14	92.90	6,897	21,443
Mar	93.01	92.96	-0.08	93.02	92.90	2,837	18,984

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	93.54	0.07	-	-	0	570
Sep	-	93.34	0.09	-	-	0	364
Dec	-	93.16	0.09	-	-	0	270
Mar	-	93.14	0.10	-	-	0	0

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.83	94.86	+0.07	94.87	94.78	69114	223416
Sep	94.52	94.55	+0.06	94.56	94.44	54860	157693
Dec	94.17	94.19	+0.07	94.20	94.07	27038	122322
Mar	93.83	93.86	+0.08	93.87	93.75	8562	62713

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	88.10	88.50	+0.14	88.65	88.10	18817	44020
Sep	87.95	88.30	+0.16	88.46	87.95	4464	26080
Dec	88.00	88.22	+0.18	88.37	87.97	1257	13348
Mar	88.00	88.20	+0.19	88.22	88.00	618	7744

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.14	96.19	+0.09	96.21	96.13	5056	21825
Sep	95.91	95.94	+0.09	95.94	95.89	1417	6641
Dec	95.60	95.65	+0.10	95.68	95.59	1145	5963
Mar	95.42	95.44	+0.07	95.45	95.40	316	190

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.03	93.05	+0.04	93.05	92.95	3583	10374
Sep	92.92	92.95	+0.05	92.95	92.84	1584	4233
Dec	92.65	92.70	+0.06	92.71	92.62	456	2312
Mar	92.29	92.37	+0.09	92.37	92.29	215	1649

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 16		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.50	17.26	4.837	2.195	5861	5.428	21.70	511.7	446.9	25.02	4.016	2.189	4.929	3.484	312.1	2.650
Denmark	(DKr)	51.28	10	8.853	2.480	1.126	3006	2.783	11.13	262.4	229.2	12.83	2.059	1.122	2.527	1.787	160.0	1.359
France	(FFr)	57.92	11.30	10	2.802	1.272	3395	3.144	12.57	296.4	258.9	14.49	2.326	1.268	2.855	2.018	180.8	1.535
Germany	(DM)	20.67	4.032	3.569	1	0.454	1212	1.122	4.486	105.8	92.40	5.172	0.830	0.452	1.019	0.720	64.52	0.548
Ireland	(I£)	45.55	8.883	7.864	2.203	1	2670	2.473	9.883	233.1	203.6	11.40	1.830	0.997	2.245	1.587	142.2	1.207
Italy	(L)	1.706	0.333	0.295	0.083	0.037	100.	0.093	0.370	8.730	7.625	0.427	0.069	0.037	0.084	0.059	5.325	0.045
Netherlands	(Fl)	18.42	3.593	3.181	0.891	0.404	1080	1	3.997	94.27	82.34	4.609	0.740	0.403	0.908	0.642	57.50	0.488
Norway	(NKr)	46.09	8.988	7.957	2.229	1.012	2702	2.502	10	235.9	206.0	11.53	1.851	1.009	2.272	1.606	143.9	1.222
Portugal	(Es)	19.54	3.811	3.374	0.945	0.429	1145	1.061	4.240	100.	87.34	4.889	0.785	0.428	0.963	0.681	60.99	0.518
Spain	(Pta)	22.38	4.363	3.863	1.082	0.491	1311	1.214	4.855	114.5	100.	5.597	0.898	0.490	1.103	0.780	69.83	0.593
Sweden	(SKr)	39.97	7.795	6.901	1.934	0.878	2343	2.170	8.673	204.5	178.7	10	1.605	0.875	1.970	1.393	124.8	1.059
Switzerland	(SFr)	24.90	4.856	4.299	1.204	0.547	1459	1.351	5.402	127.4	111.3	6.229	1	0.545	1.227	0.868	77.71	0.660
UK	(£)	45.69	8.910	7.888	2.210	1.003	2678	2.480	9.913	233.8	204.2	11.43	1.835	1	2.252	1.592	142.6	1.211
Canada	(C$)	20.29	3.956	3.503	0.981	0.445	1189	1.101	4.402	103.8	90.67	5.075	0.815	0.444	1	0.707	63.32	0.538
US	($)	28.70	5.597	4.955	1.388	0.630	1682	1.558	6.227	146.9	128.3	7.180	1.153	0.628	1.415	1	89.57	0.761
Japan	(Y)	32.04	6.248	5.532	1.550	0.703	1878	1.739	6.952	164.0	143.2	8.015	1.287	0.701	1.579	1.116	100.	0.849
Ecu		37.73	7.358	6.514	1.825	0.828	2211	2.048	8.186	193.1	168.6	9.438	1.515	0.826	1.860	1.315	117.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7209	0.7246	+0.0037	0.7275	0.7169	39,747	57,731
Sep	0.7265	0.7280	+0.0053	0.7290	0.7265	341	1,804
Dec	-	0.7305	-	0.7305	-	25	209

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.1290	1.1308	+0.0036	1.1321	1.1225	28,212	57,760
Sep	1.1415	1.1440	+0.0034	1.1445	1.1415	203	2,533
Dec	-	1.1531	-	-	-	2	378

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8722	0.8775	+0.0045	0.8920	0.8670	21,372	27,968
Sep	0.8855	0.8850	+0.0060	0.8858	0.8844	718	1,911
Dec	-	0.8900	-	0.8900	-	14	131

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6000	1.5950	-0.0008	1.6000	1.5920	8,624	21,536
Sep	1.5920	1.5920	-0.0006	1.5950	1.5920	5	144
Dec	-	1.5900	-	1.5900	-	2	11

UK INTEREST RATES

LONDON MONEY RATES

Mar 16	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7½ - 4¾	5⅝ - 5 7/16	6 3/16 - 6	6⅝ - 6½	7⅛ - 6 15/16	7¾ - 7⅝
Sterling CDs	-	-	6⅛ - 6 1/32	6 9/16 - 6½	7 - 6⅞	7½ - 7 7/16
Treasury Bills	-	-	6 1/16 - 5 29/32	6¼ - 6 3/16	-	-
Bank Bills	-	-	6 1/16 - 5 15/16	6⅜ - 6¼	6 13/16 - 6 11/16	-
Local authority deps.	5 5/16 - 5 3/16	5 9/16 - 5 7/16	6⅛ - 6	6⅝ - 6½	7 1/16 - 6 15/16	7 9/16 - 7 7/16
Discount Market deps	6¾ - 5	5⅜ - 5¼	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¼	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount 6.1280pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 28, 1995. Agreed rate for period Mar 26, 1995 to Apr 25, 1995, Schemes II & III 8.08pc. Reference rate for period Feb 1, 1995 to Feb 28, 1995, Schemes IV & V 6.796pc. Finance House Base Rate 7pc from Mar 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.58	92.60	+0.07	92.62	92.48	36298	107418
Sep	92.14	92.19	+0.10	92.19	92.05	18968	65034
Dec	91.85	91.88	+0.09	91.89	91.75	8576	56261
Mar	91.59	91.62	+0.09	91.64	91.50	3824	38979

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
9250	0.32	0.27	0.28	0.22	0.58	0.90
9275	0.17	0.19	0.19	0.32	0.75	1.06
9300	0.08	0.12	0.13	0.48	0.93	1.25

Est. vol. total, Calls 6865 Puts 10255. Previous day's open int., Calls 182344 Puts 115274

EMS EUROPEAN CURRENCY UNIT RATES

Mar 16	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.06870	-0.00752	-3.88	9.65	-
Germany	1.91007	1.84382	-0.00689	-3.47	9.18	-
Austria	13.4383	12.9782	-0.0482	-3.42	9.14	-
Belgium	39.3960	38.0842	-0.0986	-3.33	9.03	24
Portugal	195.792	195.100	+0.016	-0.35	5.77	2
Denmark	7.28580	7.44088	+0.00997	2.13	3.20	-15
France	6.40608	6.58175	+0.01052	2.74	2.58	-23
Spain	162.493	170.306	+1.32	4.81	0.56	-33
Ireland	0.792214	0.834960	+0.005112	5.40	0.00	-38
NON ERM MEMBERS						
Greece	292.867	301.461	+0.841	2.93	2.39	-
Italy	2106.15	2225.04	+4.07	5.64	-0.24	-
UK	0.786652	0.833550	+0.007518	5.96	-0.53	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls Apr	Calls May	Calls Jun	Puts Apr	Puts May	Puts Jun
1.525	7.48	7.92	8.35	0.40	0.92	1.46
1.550	5.43	6.06	6.61	0.84	1.53	2.18
1.575	3.68	4.44	5.09	1.57	2.39	3.07
1.600	2.34	3.12	3.80	2.82	3.49	4.24
1.625	1.39	2.16	2.78	4.15	4.96	5.68
1.650	0.76	1.42	2.02	6.01	6.69	7.33

Previous day's vol., Calls 12,087 Puts 13,995 . Prev. day's open int., Calls 215,869 Puts 306,604

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.50	93.50	-0.01	93.53	93.48	169,260	527,330
Sep	93.30	93.29	-0.03	93.33	93.26	180,498	323,456
Dec	93.11	93.10	-	93.12	93.06	95,198	254,112

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.02	94.02	-0.01	94.04	94.01	2,977	18,629
Sep	93.79	93.80	-0.03	93.83	93.79	402	9,757
Dec	93.69	93.65	-	93.69	93.65	16	6,516

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9475	0.16	0.20	0.22	0.17	0.05	0.09	0.11	0.37
9500	0.03	0.06	0.09	0.08	0.17	0.20	0.23	0.53
9525	0	0.01	0.03	0.04	0.39	0.40	0.42	0.74

Est. vol. total, Calls 6361 Puts 21949. Previous day's open int., Calls 129651 Puts 210838

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
9800	0.25	0.19	0.15	0.06	0.25	0.60
9825	0.09	0.11	0.08	0.15	0.42	0.68
9850	0.04	0.05	0.03	0.35	0.61	0.88

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 668 Puts 485

BASE LENDING RATES

	%
Adam & Company	6.75
Allied Trust Bank	6.75
AIB Bank	6.75
●Henry Ansbacher	6.75
Bank of Baroda	6.75
Banco Bilbao Vizcaya	6.75
Bank of Cyprus	6.75
Bank of Ireland	6.75
Bank of India	6.75
Bank of Scotland	6.75
Barclays Bank	6.75
Brit Bk of Mid East	6.75
●Brown Shipley & Co Ltd	6.75
Citibank NA	6.75
Clydesdale Bank	6.75
The Co-operative Bank	6.75
Coutts & Co	6.75
Credit Lyonnais	6.75
Cyprus Popular Bank	6.75
Duncan Lawrie	6.75
Exeter Bank Limited	7.75
Financial & Gen Bank	7.00
●Robert Fleming & Co	6.75
Girobank	6.75
●Guinness Mahon	6.75
Habib Bank AG Zurich	6.75
●Hambros Bank	6.75
Heritable & Gen Inv Bk	6.75
●Hill Samuel	6.75
C. Hoare & Co	6.75
Hongkong & Shanghai	6.75
Julian Hodge Bank	6.75
●Leopold Joseph & Sons	6.75
Lloyds Bank	6.75
Meghraj Bank Ltd	6.75
Midland Bank	6.75
* Mount Banking	6.75
NatWestminster	6.75
●Rea Brothers	6.75
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Royal Bk of Scotland	6.75
Singer & Friedlander	6.75
●Smith & Williamson Secs	6.75
TSB	6.75
●United Bk of Kuwait	6.75
Unity Trust Bank Plc	6.75
Western Trust	6.75
Whiteaway Laidlaw	6.75
Yorkshire Bank	6.75

● Members of London Investment Banking Association
* In administration

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Pf		50½	—	117	50¼	6.31	19.8	—
9¾pc Non-Cum Pf		4½	—	137½	3	1.80	—	—
Cater Allen	♣†N☐	461	+1	*639¼	418	150.3	7.7	9.5
Close Bros	♣†N☐	245xd	—	*285½	203	233.2	4.0	11.1
Gerrard & Nat	♣†N☐	422	+9	615	385	205.8	7.1	12.2
Hambros	♣N☐	216	+5	473	195	381.5	8.7	13.3
7½pc Cv Pf		95xd	—	191	95	122.4	9.9	—
Joseph (L)	♣†N	383	—	443	383	20.3	5.8	11.1
King & Shaxson	♣N	87	—	170	86	15.1	12.9	8.6
Kleinwort Benson	♣☐	690xd	+10	683	424	787.6	4.8	11.5
Rea Bros	♣†N☐	58	—	79	53	24.1	2.0	18.2
Schroders	♣qN☐	1488	+10	1574	1050	1,488	1.7	14.4
N/V	qN	1338	+5	1456	1043	388.9	1.8	12.1
Singer & Fried	♣N☐	82	—	114	75	158.2	5.5	Φ
Union	♣N☐	73xd	-1	*199	70	19.4	5.1	Φ
Warburg (SG)	♣N☐	729	+19	1012	559	1,803	3.8	13.4
Wintrust	♣†N	209xd	-3	390	200	17.4	6.5	13.7

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

[illegible]

INVESTMENT COMPANIES - Cont.

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32½	—	£34	£73½	2,123	2.4	Φ
Barlow	♣	£9¾	+⅛	£9¼	£3⅝	1,247	1.8	22.6
Gold Flds Prop R		144xa	—	152	75	14.7	7.3	Φ
NK Props		90	—	98	85	3.82	13.1	-
SASOL	♥	697	+20	697	280	3,444	2.3	-
SA Brews	†	£17⅞	-⅛	£17⅞	£10	4,943	1.8	28.2
Tiger Oats		850	-25	878	538	1,278	1.8	20.3
Tongaat-Hulett	†‡	636	—	*782	356¼	579.7	2.2	18.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated seperately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK: Prof Advisers 0800 414181 — Jersey 01534 71696
Private Clients 0800 414161 — 00 352 250404230
From O'seas (44) 1732 777377 — Hong Kong (852) 848 1000

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
A$ Accum			A$17.372		+0.003	6.80
A$ Dist			A$15.1180		+0.003	6.80
ASch Accum			Sch238.88		+0.02	3.80
ASch Dist			Sch200.880		+0.02	3.80
BFr Accum			BFr608.45		+0.08	5.10
BFr Dist			BFr502.81		+0.07	5.10
C$ Accum			C$17.384		+0.003	6.90
C$ Dist			C$15.1200		+0.003	6.90
DKr Accum			DKr107.92		+0.02	5.20
DKr Dist			DKr100.56		+0.01	5.20
DM Accum			DM36.723		+0.004	3.90
DM Dist			DM30.1420		+0.003	3.80
DFl Accum			DFl30.478		+0.003	3.90
DFl Dist			DFl25.1220		+0.003	3.90
ECU Accum			Ecu12.849		+0.002	5.40
ECU Dist			Ecu10.0800		+0.001	5.40
FM Accum			FM108.38		+0.01	3.80
FM Dist			FM100.47		+0.01	3.80
FFr Accum			FFr62.855		+0.010	6.00
FFr Dist			FFr50.296		+0.008	6.00
HK$ Accum			HK$111.98		+0.01	5.80
HK$ Dist			HK$100.74		+0.02	5.80
I£ Accum			I£11.446		+0.001	4.70
I£ Dist			I£10.0530		+0.001	4.70
Lira Accum			L20570		+05	8.50
Lira Dist			L15145		+04	8.50
NZ$ Accum			NZ$35.375		+0.009	8.00
NZ$ Dist			NZ$30.274		+0.006	8.00
NKr Accum			NKr106.08		+0.01	3.80
NKr Dist			NKr100.50		+0.01	3.90
PEs Accum			Es2879.0		-0.7	9.60
PEs Dist			Es2528.7		+0.7	9.60
S$ Accum			S$25.511			0.80
[illegible]			[illegible]		[illegible]	[illegible]

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.
Intl Currencies Fd Ltd

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
US$			$40.77		—	4.91
Canadian $			C$61.41		-0.01	6.81
£ Sterling			£29.42		+0.01	4.74
D-Mark			DM60.85		+0.01	3.72
Swiss Francs			SF64.36		+0.01	2.30
Japanese Yen			Y3551		—	1.21
Managed Fund			$43.00		—	-

Latest Fund Prices 24hr service 01481 718049

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 248, St Peter Port, Guernsey 01481 725021

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
GlobalStar Dollar Accum		5	$26.82	28.49	+0.10	-
GlobalStar Dollar Dist		5	$25.35	26.93	-0.11	2.05
GlobalStar-£		5	£16.27	17.19	+0.21	4.55
(Accum Units)		5	£16.71	18.84	+0.24	-

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 01481 710851

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
European Bd $		3	$11.1032	11.4808	+0.027	7.88
Approx Stlg Equiv		3	£6.9847	7.1874	+0.081	7.88

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Emerging Mkts Units for Pkts	$11.59	12.30	—	-

Apollo Investment Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Japan	£9.989	10.634	-0.002	-
Tiger	£9.289	9.886	-0.046	-

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Managed Currency	$10.82	10.85	+0.07	-
International Bond	$10.97	11.01	+0.06	-

Bachmann Global Investment Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Capt. Gilt & Stlg Fxd Int	£17.76	17.80	—	-
US Dollar Intl Bond & Ccy	$151.89	154.95	—	-
Sterling Intl Bond & Ccy	£98.16	101.31	—	-
Global Equity	£8.84	8.98	—	-
Intl Equity Index	£98.42	102.07	—	-

Bellinvest Management (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Bellinvest - Israel Fd	$933.98		—	-
Bellinvest - Brazil Fd	$1031.02		—	-

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

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Credis Investment Funds

Merrill Lynch Asset Management - Contd.

Morgan Stanley Sicav

Albany International Assurance Ltd

Royal Skandia Life Assurance Ltd (z)

Capital International

Cathay Investment Fund Limited

Chancellor Funds Limited

Chescor Indian Investment Company Ltd

The China Fund

The China Invest & Development Fd Ltd

Global Asset Management - Contd.

Man International Futures - Contd.

Mauritius Fund Ltd

Sabre Futures Fund

Schroder Investment Management Limited

Schroder Investment Mngt (Hong Kong) Ltd

Credit Lyonnais Rouse (Bermuda) Ltd

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Royal Life International

Royal Bank of Canada Intl Money Market Fd

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.

(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monetaire Luxembourgeois.

Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(¥) - 0001 to 1100 hours
(‡) - 1101 to 1400 hours
(♦) - 1401 to 1700 hours
(♠) - 1701 to midnight
E - Exit charge on sale of units.
C - Manager's periodic charge deducted from capital.
H - Historic pricing F - Forward pricing
b - Distribution free of UK taxes.
p - Periodic premium insurance plans.
s - Single premium insurance.
u - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
x - Offered price includes all expenses except agent's commission.
z - Previous day's price.
G - Guernsey gross.
♦ - Yield before Jersey tax.
† - Ex-subdivision.
‡ - Only available to charitable bodies
Φ - Yield column shows annualised rates of NAV increase.
xd - Ex-dividend.

LONDON STOCK EXCHANGE

MARKET REPORT

Best daily gain this year for the Footsie Index

By Terry Byland,
UK Stock Market Editor

A sudden relaxation of interest rate worries sent the London stock market racing in the direction of its 1995 high point yesterday, leaving the FT-SE 100 Share Index with its best daily gain for the year. Early gains were rapidly extended towards the close, encouraged by new trading peaks in the Dow Average early in the New York session and by a surge in British government bonds.

The FT-SE 100 Share Index closed 47.1 points up at 3,094.1, within 16 *points of its high for the year.* Traders commented, however, that substantial *rises in the Footsie blue* chips had been to some extent driven by the futures markets, which face important contract and share option expiries this morning.

The FT-SE Mid 250 Index, which is less closely involved with derivatives markets, gained only 21.4 points for a closing reading of 3,367.6.

UK stocks opened higher after a London *newspaper* had published an interview with the president of *the Bundesbank which* encouraged hopes, in some quarters, that interest *rates might be cut in Germany.* Share gains were held even after *the Bundesbank, at its regular,* scheduled, meeting elected to leave key rates unchanged, and despite the renewed strength in the D-mark *prompted by this decision.*

In the afternoon, the latest US statistics on consumer prices, housing starts and employment were interpreted as non-threatening for US interest rate prospects and the Dow Jones Industrial Average rose by 29 points in London trading hours.

Weakness in the dollar and in sterling was brushed aside, and London *stocks* began to respond vigorously to New York trends. Pharmaceutical stocks, although dollar-orientated, followed the *strong recovery in the sector* on Wall Street. In the building and construction sectors, the continued strength of the D-Mark fuelled gains in UK companies with interests in Germany.

Some market strategists, while admitting to the influence from the *futures markets yesterday,* stressed that the past two trading sessions had brought clear signs of a revival of confidence in UK equities.

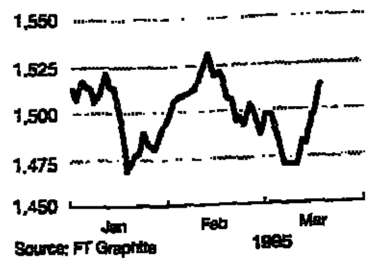
Analysts at Société Générale, French parent of Strauss Turnbull, the London securities house, advised European clients in Frankfurt yesterday to overweight UK stocks in European equity portfolios. Mr Ian Harnett at Strauss pointed to the favourable bond/equity ratio in the UK markets.

Reviving confidence was disclosed by a sharp increase in retail, or genuine customer, business in equities on Wednesday to £1.92bn, a *clear return to* the best levels of the past twelve months.

However, although Seaq volume jumped sharply yesterday afternoon, the final total of 592.7m shares was nearly 20 per cent down on the previous session.

Non-Footsie business made up only around 54 per cent of yesterday's total business, further confirming that the bulk of the late activity had been in the Footsie-listed blue chips, which are the most responsive to pressures from the derivatives sector.

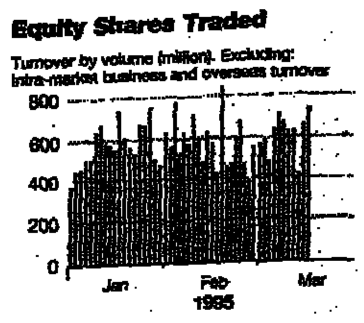
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3094.1	+47.1
FT-SE Mid 250	*3367.6*	+21.4
FT-SE-A 350	1534.7	+20.4
FT-SE-A All-Share	1514.89	+18.65
FT-SE-A All-Share yield	4.18	(4.24)

FT Ordinary index	2371.5	+33.6
FT-SE-A Non Fins p/e	16.81	(16.60)
FT-SE 100 Fut Mar	3093.0	+48.0
10 yr Gilt yield	8.46	(8.58)
Long gilt/equity yld ratio:	2.05	(2.04)

Best performing sectors

1. Life Assurance .... +3.1
2. *Banks, Retail* .... +2.4
3. Insurance .... +2.3
4. *Building Mats & Merch* .... +2.3
5. Gas Distribution .... +1.8

Worst performing sectors

1. Household Goods .... -0.7
2. Electricity .... -0.0
3. Investment Trusts .... +0.0
4. Other Financial .... +0.0
5. FT-SE-A Fledging .... +0.0

Heavy demand for L&G

The prospect of substantial dividend increases in the next few years, plus an unexpectedly *better payment* for the past year, was the driving *force behind the excellent per*formance of Legal & General shares. *The stock jumped 18, or* 3.9 per cent, to 477p, its highest *level since September 7 last* year. Turnover was exceptionally heavy, reaching 7.1m shares, the highest since *November.*

The group's profits were at the top end of the range of forecasts, but the eight per cent rise in the dividend was especially pleasing to analysts, who had been looking for a rise of six or seven per cent at best.

Analysts were generally enthusiastic about the prospects of big dividend increases which could follow a shift of funds from Legals' Long Term Fund, if the company reaches agreement with the Department of Trade and Industry.

"If the DTI agrees to the shift of funds then it could mean an increase of 50 per cent in the dividend in a short time," said one analyst. He pointed out that Legal was unique in the insurance sector, trading at a 12 *per cent discount to asset* value. "No other stock trades at a discount" he added.

The strong showing by Legal spilled over into other stocks in the sector, with **Prudential** also heavily supported and finally 11½ higher at 320½p, and additionally boosted by the ending of the Newmarch resig*nation saga earlier this week.* Turnover in Prudential reached *a hefty 12m shares.*

Northern falls

Northern Electricity continued to hog the headlines with *the Trafalgar House takeover* saga taking another twist as the Takeover Panel turned down Trafs revised 950p a share *bid.*

Northern shares, which rose *sharply in the early part of the* week as the market clung to hopes that the latest offer would be put to shareholders, *dropped steeply, closing a net* 40, or 4 per cent, off at 781p. Trafs held at 57p.

Trafs will launch an appeal to *the Panel today but analysts* hold out little hope that this will bear fruit. One said it looked increasingly likely that Trafs would walk away from the bid saga, a move which would trigger further downside in the Northern share price.

He added that Trafs, which needs to solve its ACT problem, could well seek another bid target in the sector.

Media activity

Having lagged the FT-SE-A All-Share Index on a broad front for most of this year, media stocks sprang back to life yesterday. Analysts said the forthcoming results season has brought renewed focus to the sector, thanks partly to *Reed International's strong* numbers on Wednesday.

Reuters jumped 17¼ to 474½p in 5.7m turnover, while **United Newspapers** gained 10 to 524p ahead of next week's *results statement. ABN Amro* Hoare Govett is looking for *profits of £135m (up from* £118m in 1993) next Thursday *with a strong performance* overseas, plus recovering *advertising revenue in the UK,* offsetting weakness on the *Express national newspaper* side of the business. **Mirror Group**, which reports 1994 numbers on March 30, added *3¼ to 134½p.*

Magazine publisher Reed *gained 7¼ to 752¼ for a* two-day advance of 33¼.

BP attracted exceptionally large buying interest, much of it from the US, and the shares moved up 8 to 411p. Turnover *was 17m, the highest daily* total since December.

Dealers said the shares were building on a good perfor*mance which had begun* earlier the week following a broker's recommendation to switch out of Shell and into BP. BP also featured strongly in a couple of *programme* trades executed in mid-session yesterday.

Dealers in the financial sectors pointed to a sudden surge *of buying* interest in the banks and insurances. "There has *been a return of confidence* from retail customers and that *has shown up in turnover lev*els across the board," said one *marketmaker.*

HSBC was the top performer *in banks, the shares closing* 27½ higher at 695½p, helped by *a NatWest Markets recommen*dation.

Merchant banks continued to mirror the market's satisfaction *with Schroders' numbers,* released on Wednesday. Schroders moved up 10 more to 1488p. **Kleinwort Benson** the same *to 590p and* **SG Warburg** *19 to 729p.*

Drugs group **Zeneca** gained 19 to 876p, following an announcement about the launch of a new antibiotic.

Shares in **Celltech Group**, the biotechnology company, jumped 11 to 265p, boosted by a *strong recommendation from* Lehman Brothers.

Elsewhere in pharmaceuticals, **Wellcome** hardened 12 to *1062p as Glaxo's successful* offer went unconditional. *Glaxo shares were also in* demand and they closed 11½ *better at 701½p after trade of* 3.7m. The group reports figures *next Thursday. USM-Listed* **Stanhope** added a ¼ to 3½p *following news that Guinness* Peat had bought a 4.7 per cent stake.

The strong market trend *helped* ***United Biscuits*** *reverse* an early decline, after the group reported figures *below* market forecasts, unexpectedly *high restructuring* costs and talk of continuing tough conditions. The shares closed a penny firmer at 340p, after *trade of 3.7m.*

Index tracking funds were said to have been behind the sharp rise in **Tate & Lyle**, which replaces Wellcome in the premier FT-SE 100 list. The shares jumped 13½ to 439½p, with volume rising to 4.8m.

Retailer **Kingfisher**, which reported figures earlier this week, was among a handful of FT-SE 100 constituents that resisted the strong market trend on a combination of factors.

The shares gave up 2 to 431p, in trade of 3.7m, with some dealers citing straight forward profit-taking following the *stock's sharp rise on bid specu*lation, ahead of the figures.

Powell Duffryn *moved* sharply higher as a line of *stock, overhanging the market* since the January rights issue, *finally wound its way through* the system. The shares jumped 15 to 468p. *Elsewhere* among diversified industrials, **Wassall** added 4 to 257p ahead of today's results. Dealers expect Wassall's headline numbers to have been inflated by stock profits, following the bounce in copper prices.

News of a £40m US acquisition led to a 4 improvement to 142p at electrical engineers **FKI**. Worries about a major *takeover,* accompanied by a rights issue, have held the *shares in check this year.*

Inchcape put on 7 to 307p in *2.8m turnover,* with the market ticking off the days to March *27 and the group's 1994 profits.* **Kwik-Fit** and **Sanderson Bramall** *both moved ahead* following strong results statements, *including a 37½ per cent divi*dend bounce at Sanderson *which added 6 to 166p.* Kwik-Fit hardened to 145p.

*A confident results state*ment, including a 22 per cent *jump for the dividend, pushed* truck and trailer specialist **Dawsongroup** 18 higher to 303p.

FINANCIAL TIMES EQUITY INDICES

	Mar 16	Mar 15	Mar 14	Mar 13	Mar 10	Yr ago	*High	*Low
Ordinary Share	2371.5	2337.9	2336.2	2307.4	2311.9	2566.3	2713.6	2238.3
Ord. div. yield	4.47	4.53	4.53	4.58	4.57	3.62	4.66	3.43
Earn. yld. % full	*7.21*	*7.32*	*7.31*	*7.39*	*7.37*	*4.92*	*7.39*	*3.82*
P/E ratio net	16.51	16.26	16.30	16.11	16.16	22.06	33.43	16.11
P/E ratio nil	16.16	15.94	15.95	15.77	15.81	23.06	30.80	15.77

*For 1994/5. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2338.4	2343.7	2345.3	2347.5	2350.0	2346.4	2348.5	2351.4	2361.7	2371.5	2338.4

	Mar 16	*Mar 15*	*Mar 14*	*Mar 13*	*Mar 10*	*Yr ago*
SEAQ bargains	27,404	29,851	27,947	23,987	24,980	34,034
Equity turnover (£m)†	-	1927.3	1403.6	1004.9	1563.1	1423.8
Equity bargains†	-	41,709	37,672	34,179	33,293	36,360
Shares traded (m)†	-	747.2	666.6	424.2	631.4	573.7

†Excluding intra-market business and overseas turnover.

■ London market data

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	736	Total Highs	41	Total contracts	42,277
Total Falls	435	Total Lows	84	Calls	16,235
Same	1,689			Puts	26,042

March 16 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3050.0	3093.0	+48.0	3100.0	3047.0	20215	20979
Jun	3051.0	3098.5	+49.5	3105.0	3051.0	15688	47752
Sep	-	3122.5	+49.0	-	-	0	1050

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3345.0	3360.0	+17.5	3362.0	3345.0	11	645
Jun	3367.0	3383.0	+18.0	3367.0	3367.0	9	3806

■ FT-SE 100 INDEX OPTION (LIFFE) (*3086) £10 per full index point

	2900		2950		3000		3050		3100		3150		3200		3250	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Mar	193	1	143	1	94	1	44	1	5½	14	1	63	1	113	1	163
Apr	194½	9	151½	15½	112½	26½	78	42	49½	63½	29	92½	15½	129	7½	171½
May	213½	20½	173½	30	137½	43½	105½	61	78½	82	55	110	37	143	23	179½
Jun	224	28½	187½	41½	151½	55	122½	75	94	96½	72½	124½	52½	154½	38	190½
Dec†	312	72			249	106			190½	146½			144½	199½		

Calls 13,640 Puts 9,149

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925		2975		3025		3075		3125		3175		3225		3275	
Mar	168	1	118	1	68½	1	21	3	1	33	1	82½	1	132½	1	182½
Apr	172½	12	132	20½	95½	34	65	53	41	79	24	111½	12½	149½	6	193
May	194	23½	155½	35	120½	50	90½	70	65½	95	46	125½	30½	160	19½	199½
Jun	210½	39	174½	52	141½	68½	111½	87½	85½	110½	64½	138½	46½	170	32½	205
Sept†	255½	64½			189½	95½			133	135			86	185½		

Calls 3,890 Puts 2,041 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
150	F.P.	517.3	165	154	Albright & Wilson	165	+2	RN6.0	1.5	4.5	18.3
§10	F.P.	16.1	13¼	12	Bath Press	12¼		-	-	-	-
-	F.P.	17.9	201	175	Beale	175	-25	HN5.9	-	4.2	-
-	F.P.	28.5	126	123	Colleagues	126		-	-	-	-
§128	F.P.	15.6	135	130	Dailywin	130		RN6.0	2.2	5.8	8.8
§130	F.P.	46.4	138	138	Datrontech	138		N-	-	-	15.9
§125	F.P.	21.1	131	125	GET Group	128		N-	-	-	11.1
100	F.P.	30.0	101	100	Geared Inc Inv C	100		-	-	-	-
§135	F.P.	16.0	138	119	Golden Rose	119	-6	-	-	-	-
100	F.P.	153.6	98	95	HTR Inc Gth Sp Inc	98		-	-	-	-
100	F.P.	94.5	105	102	Do. Zero Div Pf	105	+½	-	-	-	-
-	F.P.	21.6	87	23	*Inv Tst of Inv Tsts*	84		-	-	-	-
-	F.P.	2.91	59	55	Do. Warrants	56		-	-	-	-
35	F.P.	21.4	35	33	MCIT S Cap	33		-	-	-	-
35	P.P.	23.4	36	36	MCIT S Inc	36		-	-	-	-
-	F.P.	0.35	5	3	Melrose Warrants	3½		-	-	-	-
100	F.P.	23.2	93	90	*Monzanaro UK Sm*	93		-	-	-	-
-	F.P.	2.15	48	43	Do. Warrants	43		-	-	-	-
476	170	6,115.1	193	163½	*Natl Power (P/P)	171	-½	FN15.45	2.6	4.0	13.1
150	F.P.	15.6	160	150	Photobition	153		RN6.0	2.0	4.9	11.1
512	185	4,046.7	206	175½	*PowerGen (P/P)	188½		FN15.0	3.2	3.6	11.1
-	F.P.	78.3	498	493	Schroder I G Uts	495		-	-	-	-
-	F.P.	24.1	101½	100	Throg Di Zero Pf	101½		-	-	-	-
-	F.P.	4.30	11¼	10½	Wessex Trust	10¾	-¼	-	-	-	-
145	*F.P.*	*63.9*	*183*	*170*	*Zotefoams*	*176*	*-2*	*W4.66*	*2.1*	*3.3*	*17.8*

* Note: Issue price 10p higher for institutional and overseas investors.

FT GOLD MINES INDEX

	Mar 15	% chg on day	Mar 14	Mar 13	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1876.31	+2.2	1836.52	1836.19	2040.86	2.07	2337.80	1637.91
■ Regional Indices								
Africa (16)	*2790.05*	*+2.5*	*2722.57*	*2738.86*	*2798.69*	*4.91*	*3711.87*	*2304.45*
Australasia (7)	2164.17	+3.5	2090.30	2049.25	2852.18	0.81	2951.49	1788.20
North America (11)	1568.00	+1.7	1541.72	1542.38	1730.01	0.72	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Mar 16	Day's chge%	Mar 15	Mar 14	Mar 13	Year ago	Div. yield%	Earn.¹ yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3094.1	+1.5	3047.0	3050.6	3011.8	3255.7	4.37	7.95	15.09	21.80	1189.81
FT-SE Mid 250	3367.6	+0.6	3346.2	3332.5	3315.6	3886.6	3.79	6.78	17.73	14.86	1274.34
FT-SE Mid 250 ex Inv Trusts	3376.1	+0.7	3352.5	3338.5	3320.8	3902.2	3.94	7.34	16.50	14.98	1275.77
FT-SE-A 350	*1534.7*	*+1.3*	*1514.3*	*1514.3*	*1497.6*	*1649.4*	*4.24*	*7.69*	*15.60*	*9.92*	*1206.86*
FT-SE-A 350 Higher Yield	1553.6	+1.4	1531.5	1534.4	1515.0	1658.0	5.25	8.30	14.52	13.98	1006.55
FT-SE-A 350 Lower Yield	1515.2	+1.2	1496.6	1493.8	1479.8	1598.8	3.22	7.08	16.87	5.96	1002.80
FT-SE SmallCap	1685.99	-0.1	1684.15	1681.04	1678.61	2008.99	3.53	5.23	23.74	8.81	1324.63
FT-SE SmallCap ex Inv Trusts	1665.30	+0.2	1662.73	1659.93	1658.16	1988.78	3.74	5.83	21.56	8.37	1312.54
FT-SE-A ALL-SHARE	*1514.89*	*+1.2*	*1496.24*	*1496.02*	*1480.65*	*1640.76*	*4.18*	*7.50*	*16.03*	*9.65*	*1211.39*

■ FT-SE Actuaries All-Share

	Mar 16	Day's chge%	Mar 15	Mar 14	Mar 13	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 *MINERAL EXTRACTION(24)*	*2586.32*	+1.5	*2627.16*	*2644.12*	*2616.15*	*2559.63*	3.85	*8.72*	*18.65*	*9.36*	*1080.25*
12 Extractive Industries(7)	3549.57	+1.5	3496.62	3505.69	3441.07	3980.04	3.96	7.78	16.05	1.44	979.88
15 Oil, Integrated(3)	2669.23	+1.6	2627.40	2647.17	2620.06	2480.26	3.95	7.02	17.74	11.39	1106.98
16 Oil Exploration & Prod(14)	*1879.37*	+0.4	1871.00	1878.47	1882.86	1851.71	2.60	1.44	80.00†	4.65	1090.04
20 GEN INDUSTRIALS(278)	1820.26	+1.1	1800.19	1797.54	1780.68	2167.50	4.32	6.69	18.02	8.15	940.54
21 Building & Construction(36)	938.69	+1.5	924.90	900.54	890.48	1448.00	4.16	7.05	18.34	2.08	742.86
22 Building Matls & Merchs(31)	1722.26	+2.3	1683.40	1670.99	1663.17	2284.26	4.49	7.33	16.11	0.86	820.08
23 Chemicals(23)	2178.56	+1.2	2152.82	2153.12	2145.86	2496.69	4.38	*5.75*	*20.87*	*22.60*	*863.65*
24 Diversified Industrials(17)	*1806.65*	+0.9	1790.53	1800.46	1767.15	2170.74	5.27	7.29	16.55	13.34	942.48
25 Electronic & Elect Equip(35)	1907.57	+0.5	1897.20	1892.16	1866.70	2088.71	3.81	6.94	17.11	2.82	944.02
26 Engineering(72)	1761.58	+1.2	1740.05	1740.92	1733.47	1970.14	3.50	6.34	18.94	8.64	1020.51
27 Engineering, Vehicles(13)	2159.62	+0.8	2143.39	2123.64	2121.33	2364.14	4.23	3.11	43.27	5.64	1059.99
28 Paper, Pckg & Printing(27)	2715.00	+0.4	2703.76	2699.32	2675.64	3043.36	3.41	7.04	16.58	0.17	1074.92
29 Textiles & Apparel(21)	1415.95	+0.5	1409.06	1406.73	1404.27	1917.67	4.83	7.60	17.31	1.88	811.72
30 *CONSUMER GOODS(95)*	2908.76	*+1.0*	*2878.95*	*2886.55*	*2857.63*	*2872.36*	4.31	6.69	18.11	25.08	1019.62
31 Breweries(18)	2125.42	+0.8	2108.44	2112.79	2096.17	2239.89	4.51	8.67	13.91	11.98	973.76
32 Spirits, Wines & Ciders(10)	2562.13	+0.5	2549.17	2556.23	2506.01	3039.86	4.45	7.69	15.39	26.30	874.82
33 Food Producers(24)	2382.79	+1.1	2356.04	2347.96	2339.24	2359.83	4.21	7.90	15.34	14.70	1020.21
34 Household Goods(10)	2434.37	-0.7	2451.95	2431.29	2417.74	2668.16	3.76	3.31	37.84	1.97	882.61
36 Health Care(18)	*1613.19*	*+0.6*	*1604.19*	*1586.74*	*1583.43*	*1782.54*	*3.19*	3.57	38.34	3.40	944.10
37 Pharmaceuticals(13)	3707.92	+1.6	3648.32	3670.50	3638.42	3127.80	3.89	4.54	26.47	48.61	1205.79
38 Tobacco(2)	3643.55	+0.2	3635.20	3664.28	3592.72	3968.04	6.26	11.25	11.11	0.00	*831.12*
40 SERVICES(230)	1869.08	+1.1	1848.24	1841.08	1823.06	2091.27	3.44	7.02	17.29	7.11	929.92
41 Distributors(32)	2279.93	+0.6	2265.74	2271.02	2274.27	3103.78	4.16	7.96	15.00	11.98	800.85
42 Leisure & Hotels(29)	2097.30	+1.4	2068.84	2070.57	2048.48	2327.55	3.64	5.43	22.25	21.86	1050.67
43 Media(43)	[illegible]										
44 Retailers, Food(16)	[illegible]										
45 Retailers, General(44)	[illegible]										
47 [illegible]	[illegible]										
48 Support Services(38)	[illegible]										
49 Transport(21)	[illegible]										
51 Other Services & Business(7)	[illegible]										
60 UTILITIES(37)	[illegible]										
62 Electricity(17)	[illegible]										
64 Gas Distribution(2)	[illegible]										
66 Telecommunications(5)	[illegible]										
68 Water(13)	[illegible]										
69 NON-FINANCIALS(666)	[illegible]										
70 FINANCIALS(118)	[illegible]										
71 Banks, Retail(9)	[illegible]										
72 Banks, Merchant(6)	[illegible]										
73 Insurance(26)	[illegible]										
74 Life Assurance(6)	[illegible]										
75 Other Financial(23)	[illegible]										
77 Other Financial	[illegible]										
79 Property(45)	[illegible]										
80 INVESTMENT TRUSTS(133)	[illegible]										
89 FT-SE-A ALL-SHARE(818)	[illegible]										
FT-SE-A Fledgling	[illegible]										
FT-SE-A Fledgling ex Inv Trusts	[illegible]										

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]										
FT-SE Mid 250	[illegible]										
FT-SE-A 350	[illegible]										

[illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	[illegible]											
Pharmaceuticals	[illegible]											
Water	[illegible]											
Banks, Retail	[illegible]											

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	228	354	
ASDA Group†	2,300	72	+½
Abbey National†	2,100	448	+9
Albert Fisher	829	41	+1
Allied Domecq†	311	508	+5
Anglian Water	885	468	+7
Argos	638	356	
Argyll Group†	747	292	+6½
Arjo Wiggins†	3,800	242½	+1½
Assoc. Brit. Foods†	83	589	+8
Assoc. Brit. Ports	1,000	275	+4
BAA†	4,100	442	+8
BAT Inds.†	4,700	435	+1
BET	4,000	110	+1½
BICC	2,100	336	+1
BOC†	1,800	706	+8
BP†	17,000	411½	+8
BPB Inds.	1,500	273	-2
BT†	8,800	374½	+7½
BTR†	9,700	331½	+2½
Bank of Scotland†	1,400	211	+3
Barclays†	5,000	603	+10
Bass†	3,300	510	+10
Blue Circle†	5,400	287	+12
Booker	282	398	
Boots†	2,000	507½	+7½
Bowater†	2,300	419	+5
Brit. Aerospace†	2,600	495	+7
British Airways†	8,500	387	+1
British Gas†	10,000	292½	+5½
British Land	1,900	367	+4
British Steel†	7,300	162¼	+3¾
Burmah Castrol†	227	861	+10
Burton	8,900	74½	+2
Cable & Wire†	4,200	391	+5
Cadbury Schweppes†	6,300	446½	+8½
Caradon†	2,800	257½	+11½
Carlton Comms.†	793	900	+12
Coats Viyella	456	172½	+1½
Comm. Union†	1,500	558	+15
Cookson	3,100	208	+2
Courtaulds†	908	452	+2
Dalgety	1,300	407	+7
De La Rue†	1,000	897	-2
Dixons	1,800	214	+4
Eastern Elect.†	1,800	678	-4
East Midland Elect.	342	582	-6
Electrocomps	308	492	
Eng China Clays	2,700	340	+2
Enterprise Oil†	3,900	384	+4
Eurotunnel Units	238	258	-6
FKI	4,800	142	+4
Fisons	3,400	156	+2
Foreign & Col. I.T.	784	131½	+¼
Forte†	3,600	236½	+3½
Gen. Accident†	1,100	560	+14
General Elect.†	5,700	280½	+1½
Glaxo†	3,700	701½	+11½
Glynwed	507	304½	+2½
Granada†	668	529½	+3
Grand Met.†	5,100	381	+4½
GUS†	835	543	+12
GRE†	2,700	180	+8
GKN†	838	601	+4
Guinness†	6,300	421	-1
HSBC (75p shs)†	10,000	696½	+27½
Hammerson	186	317	+1
Hanson†	3,900	238¼	+1¾
Harrisons Crosfield	712	145	+3
Hays	1,600	285	+2½
Hillsdown	1,200	175	+1
IMI	650	298	-2
ICI†	3,100	688	+13
Inchcape†	2,900	307	+7
Johnson Matthey	59	514	+1
Kingfisher†	4,200	431	-2
Kwik Save	77	524	
Ladbroke†	6,000	171½	+5½
Land Securities†	1,500	592	+5
Laporte	748	675	+12
Legal & General†	7,200	477	+18
Lloyds Abbey	934	358	+4
Lloyds Bank†	2,300	592	+10
LASMO	5,200	151	+½
London Elect.	240	609	+9
Lonrho	3,100	142	+3
Lucas	2,600	200	+2
MEPC†	772	393	+10
MFI	6,700	117½	+1½
Marley	133	653	+2
Marks & Spencer†	3,900	388	+6½
Midlands Elect.	661	629	+6
Morrison (Wm.)	793	140	
NFC	4,600	167	
NatWest Bank†	2,500	512½	+9½
National Power†	2,400	437½	+½
Next	1,400	273	+7
North West Water†	294	531	+16
Northern Elect.	1,300	781	-40
Northern Foods	4,100	210	+2
Norweb	368	848	-10
Pearson†	727	574	-2
P & O†	592	568	
Pilkington	2,000	171	
PowerGen†	2,000	476	+½
Prudential†	12,000	320½	+11½
RMC†	268	971	+14
RTZ†	3,600	778	+13
Regal	[illegible]		

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 16 / Sch)

BELGIUM/LUXEMBOURG (Mar 16 / Frs.)

CZECH REP (Mar 16 / Koruna)

DENMARK (Mar 16 / Kr)

FINLAND (Mar 16 / Mks)

FRANCE (Mar 16 / Frs.)

GERMANY (Mar 16 / Dm.)

GREECE (Mar 16 / Drachma)

ITALY (Mar 16 / Lire)

NETHERLANDS (Mar 16 / Fls.)

NORWAY (Mar 16 / Kroner)

POLAND (Mar 15 / Zloty)

PORTUGAL (Mar 16 / Escudo)

SPAIN (Mar 16 / Pts.)

SWEDEN (Mar 16 / Kronor)

SWITZERLAND (Mar 16 / Frs.)

TURKEY (Mar 16 / Tk Lira)

PACIFIC

JAPAN (Mar 16 / Yen)

AUSTRALIA (Mar 16 / Aust$)

HONG KONG (Mar 16 / H.K.$)

INDONESIA (Mar 16 / Rupiah)

MALAYSIA (Mar 16 / MYR)

NEW ZEALAND (Mar 16 / NZ $)

SINGAPORE (Mar 16 / S$)

SOUTH KOREA (Mar 16 / Won)

TAIWAN (Mar 16 / TW $)

THAILAND (Mar 16 / Baht)

AFRICA

SOUTH AFRICA (Mar 16 / Rand)

NORTH AMERICA

CANADA

TORONTO (Mar 16 / Can $) 2.45 pm

MONTREAL (Mar 16 / Can $) 2.30 pm

INDICES

	Mar 16	Mar 15	Mar 14	1994/5 High	1994/5 Low
Argentina General (29/12/77)	(u)	12418.41	12782.37	25470.40 16/2/94	9831.09 9/3/95
Australia All Ordinaries(1/1/80)	1908.9	1904.3	1885.5	2340.60 3/2/94	1823.30 8/2/95
All Mining(1/1/80)	844.7	845.5	839.4	1138.10 3/2/94	785.30 8/2/95
Austria Credit Aktien(30/12/84)	368.21	368.40	366.48	480.66 2/2/94	361.34 3/2/95
Traded Index(2/1/91)	989.32	989.25	984.10	1222.25 1/2/94	966.30 3/2/95
Belgium BEL20 (1/1/91)	1305.82	1302.64	1303.04	1542.65 9/2/94	1271.63 9/3/95
Brazil Bovespa (29/12/83)	(u)	29394.0	30169.0	56110.80 13/9/94	3800.80 3/1/94
Canada Metals Minls♦(1975)	(u)	3926.66	3887.51	4326.07 18/1/95	3299.86 20/4/94
Composite♦ (1975)	(u)	4218.80	4190.50	4809.80 23/3/94	3959.90 24/6/94
Portfolio§§ (4/1/83)	(u)	2069.95	2079.41	2182.89 1/2/94	1868.48 28/6/94
Chile IPGA Gen (31/12/80)	(u)	5167.4	5234.6†	5764.49 21/11/94	3901.20 4/4/94
Denmark CopenhagenSE(3/1/83)	342.07	342.19	340.97	415.79 2/2/94	335.68 20/12/94
Finland HEX General(28/12/90)	1671.4	1696.2	1665.5	1872.60 4/2/94	1601.10 3/1/94
France SBF 250 (31/12/90)	1182.15	1162.39	1175.48	1585.20 2/2/94	1164.41 13/3/95
CAC 40(31/12/87)	1785.76	1738.60	1768.99	2355.93 2/2/94	1721.80 13/3/95
Germany FAZ Aktien(31/12/58)	746.41	749.71	743.80	859.27 18/5/94	741.39 10/3/95
Commerzbank(1/12/53)	2131.0	2137.8	2118.9	2486.50 2/5/94	2110.79 10/3/95
DAX (30/12/87)‡	1992.06	2010.14	2000.45	2271.11 16/5/94	1980.69 7/10/94
Greece Athens SE(31/12/80)	787.15	790.31	793.31	1194.58 18/1/94	787.15 16/3/95
Hong Kong Hang Seng(31/7/64)	8347.75	8365.21	8094.58	12201.09 4/1/94	6967.93 23/1/95
India BSE Sens.(1979)	3382.04	3399.19	3465.13	4628.57 12/9/94	3233.31 22/2/95
Indonesia Jakarta Comp.(10/8/82)	427.20	428.67	425.22	612.89 5/1/94	425.22 14/3/95
Ireland ISEQ Overall(4/1/88)	1818.36	1822.32	1821.49	2082.16 20/1/94	1694.14 1/7/94
Italy Banca Comm Ital (1972)	602.89	597.24	601.04	817.17 10/5/94	581.84 13/12/94
MIB General (2/1/95)	952.0	943.0	949.0	1318.00 10/5/94	943.00 15/3/95
Japan Nikkei 225 (16/5/49)	16355.66	16666.83	16245.82	21552.81 13/6/94	16245.82 14/3/95
Nikkei 300 (1/10/82)	240.73	244.27	240.82	311.71 13/6/94	240.73 16/3/95
Japan Topix (4/1/68)	1303.82	1322.48	1305.10	1712.73 13/6/94	1303.82 16/3/95
2nd Section (4/1/68)	1728.06	1748.60	1749.77	2542.65 6/7/94	1728.06 16/3/95
Malaysia KLSE Comp.(4/4/86)	943.88	937.32	929.71	1314.46 5/1/94	840.87 24/1/95
Mexico IPC (Nov 1978)	(u)	1611.73	1591.07	2881.17 8/2/94	1447.52 27/2/95
Netherland CBS TtlRtnGen(End 83)	425.5	427.0	428.2	454.90 31/1/94	408.30 21/6/94
CBS All Shr (End 83)	266.9	267.8	268.6	294.80 31/1/94	257.90 21/6/94
New Zealand Cap. 40 (1/7/86)	1974.72	1953.35	1934.50	2439.64 3/2/94	1878.09 12/12/94
Norway Oslo SE(Ind)(2/1/83)	1062.32	1068.76	1062.78	1211.10 28/2/94	980.91 21/6/94
Philippines Manila Comp (2/1/85)	2297.3	2288.37	2271.57	3308.37 4/1/94	2268.37 15/3/95
Portugal BTA (1977)	2718.2	2733.8	2745.0	3226.80 18/2/94	2612.80 20/6/94
Singapore SES All-S'pore(2/4/75)	500.54	500.63	498.98	641.61 4/1/94	472.99 23/1/95
South Africa JSE Gold (28/9/78)	1495.0♥	1544.7	1513.5	2534.00 7/9/94	1479.00 3/3/95
JSE Ind. (28/9/78)	6849.8♥	6817.4	6832.9	6994.40 30/12/94	5448.00 19/1/94
South Korea KoreaCompEx(4/1/80)**	954.16	953.71	956.65	1138.75 8/11/94	855.37 2/4/94
Spain Madrid SE (30/12/85)	269.65	267.65	270.30	368.31 31/1/94	268.43 9/3/95
Sweden AffarsvarldnGen (1/2/37)	1470.0	1479.4	1480.4	1603.90 31/1/94	1334.70 6/7/94
Switzerland Swiss Bk Ind (31/12/58)	1189.38	1186.37	1181.34	1423.34 31/1/94	1138.72 27/10/94
SBC General (1/4/87)	882.00	877.91	875.26	1093.29 31/1/94	870.58 13/3/95
Taiwan WeightedPr.(30/6/66)**	6584.66	6555.19	6480.31	7191.13 1/11/94	5194.63 19/3/94
Thailand Bangkok SET (30/4/75)	1135.69	1152.34	1155.54	1788.73 4/1/94	1135.69 16/3/95
Turkey Istanbul Cmp.Jan 1986	32085.6	32285.3	32972.4	33232.89 10/3/95	12880.70 24/3/94
WORLD MS Capital Int (1/1/70)$	627.7*	627.9	621.5	649.90 2/11/94	591.80 1/11/94
CROSS-BORDER Eurotrack 100(26/10/90)	1240.54	1238.56	1242.42	1540.19 31/1/94	1222.41 13/3/95
Euro Top-100 (26/6/90)	1138.40	1130.14	1135.59	1311.01 2/2/94	1117.34 9/3/95
JCapelDrgts (31/12/88)	(u)	295.10	289.78	385.19 5/1/94	261.46 23/1/95
Barings Emerg.(7/1/92)	125.50	127.27	124.00	191.79 28/9/94	117.15 10/3/95

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40							
Mar	1767.0	1799.0	+8.0	1800.0	1747.0	28,884	31,813
Apr	1768.0	1808.0	-	1806.5	1784.5	645	9,703
DAX							
Mar	2008.0	2002.5	-3.00	2019.0	1987.5	24,565	93,824
Jun	2025.0	2016.5	-5.00	2035.0	2004.0	20,557	69,446
OMX							
Mar	1140.00	1131.00	-5.75	1140.00	1128.00	5,9074	15,952
Apr	1136.50	1131.00	-5.75	1136.00	1130.00	304	7,507
SOFFEX							
Mar	2473.0	2496.0	+26.0	2496.0	2472.0	7,801	9,812
Apr	2478.0	2500.0	+25.9	2504.0	2478.1	5,363	12,800

** Sat Mar 11: Taiwan Weighted Price 6480.86; Korea Comp Ex 954.20. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 16 - 1026.15 +20.93.

US INDICES

Dow Jones	Mar 15	Mar 14	Mar 13	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	4038.37	4048.75	4025.23	4048.75 (14/3/95)	3593.35 (4/4/94)	4048.75 (14/3/95)	41.22 (2/7/32)
Home Bonds	97.38	97.62	97.28	105.61 (21/1/94)	93.56 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1589.37	1576.83	1588.81	1862.29 (2/2/94)	1371.69 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	187.85	188.70	187.71	227.98 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4070.19 (4087.14) Low 4009.63 (4014.98) (Theoretical♦)
Day's high 4054.63 (4060.51) Low 4029.04 (4023.76) (Actual♦)

Standard and Poors	Mar 15	Mar 14	Mar 13	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	491.88	492.89	490.05	492.89 (14/3/95)	438.92 (4/4/94)	492.89 (14/3/95)	4.40 (1/6/32)
Industrials♥	584.25	585.71	582.88	585.71 (14/3/95)	510.05 (21/4/94)	585.71 (14/3/95)	3.62 (21/6/32)
Financial	45.80	45.70	45.43	48.94 (14/6/94)	39.87 (22/11/94)	49.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	266.15	266.53	265.17	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	454.78	453.91	453.06	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	807.38	806.24	802.31	808.24 (14/3/95)	693.79 (24/6/94)	808.24 (14/3/95)	54.87 (31/10/72)

■ RATIOS

	Mar 10	Mar 3	Feb 24	Year ago
Dow Jones Ind. Div. Yield	2.70	2.73	2.69	2.61
	Mar 8	Mar 1	Feb 22	Year ago
S & P Ind. Div. yield	2.38	2.36	2.36	2.37
S & P Ind. P/E ratio	17.32	17.32	19.60	24.53

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Telefonos	6,545,200	26⅝	-⅛
Compaq	4,304,500	32	------
Duracell	4,288,400	42⅝	-¼
EMC Corp	3,649,900	16⅞	+¼
Motorola	3,371,100	57	-1⅝
Ford Motor	3,123,300	26⅜	-⅛
Wal-Mart	3,028,200	24⅝	-⅛
Merck	2,795,100	42⅜	+⅛
Philip Morris	2,610,900	64¼	+½
Amer T & T	2,518,200	52⅛	------

■ TRADING ACTIVITY

● Volume (million)

	Mar 15	Mar 14	Mar 13
New York SE	304.292	346.144	268.165
Amex	17.844	17.422	15.137
NASDAQ	305.613	315.990	252.192
NYSE			
Issues Traded	2,952	2,960	2,967
Rises	1,008	1,438	1,119
Falls	1,117	790	1,101
Unchanged	827	732	747
New Highs	66	109	83
New Lows	29	27	27

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Mar	491.70	491.80	-0.20	492.05	491.60	16,727	65,227
Jun	496.10	496.10	-	496.40	495.65	81,420	168,360
Nikkei 225							
Jun	16210.0	16710.0	-260.0	16630.0	16390.0	25,751	114,995
Sep	16500.0	16700.0	-200.0	16700.0	16500.0	15	11

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, March 16, 1995

	Stocks Traded	Closing Prices	Change on day
Sumitomo Constn	14.0m	635	-35
Fudo Constn	13.2m	830	-55
Shizuoka Bank	8.5m	1010	-10
Keiyo Bank	8.2m	906	-3
Hokuetsu Bank	7.8m	546	-29
Keihin E Expr	6.3m	576	-4
Hachijuni Bank	6.2m	1080	+10
Penta Ocean	6.0m	674	-40
Sakai Ovex	5.7m	580	-50
Gunma Bank	5.0m	1020	-20

2:45 pm March 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14¼	12⅞	AAR	0.48	3.7	23	67	13¼	13⅛	13⅛	-⅛
22⅛	19¼	ALPharmaA	0.18	0.8	269	190	21⅜	21⅛	21¼	+⅛
38¼	35	AMP	0.92	2.5	21	4503	37⅛	36⅞	37⅛	+⅜
62¾	53⅜	AMR			27	3980	62⅝	61⅝	62⅛	+½
47⅞	41⅞	ASA	1.71	3.8	30	1211	45¾	45⅜	45⅝	-⅛
37⅝	30¾	AbbtL	0.84	2.3	19	8659	36⅞	36½	36½	-¼
14	12	Abitibi Pr	0.50	3.8	12	3303	13⅜	13⅛	13¼	+⅛
24⅜	22⅛	ABM Ind	0.60	2.6	13	20	22⅜	22¼	22¼	-⅛
16⅝	14½	Acptncein			11	94	14⅞	d14½	14¾	-¼
25⅞	21⅞	ACE Ltd	0.44	1.8	7	878	23⅞	23½	23⅞	+½
9¾	8½	ACM Gvt In	0.90	10.4	7	194	8¾	d8½	8⅝	
7½	6½	ACM GvOpp	0.66	10.0		105	6⅝	d6½	6⅝	
7½	5¾	ACM Gvt Sp	0.75	12.0		527	6¼	6	6¼	+¼
8⅝	7⅜	ACM Gvt Se	0.90	12.0		527	7⅝	7½	7½	
8½	7⅝	ACM Man	1.08	13.9		150	7⅞	7¾	7¾	
7⅝	7⅛	ACM Managd	0.72	10.1		32	7¼	d7⅛	7⅛	
16¼	10¼	AcmeClv	0.48	3.6	7	90	13⅞	13	13¼	-½
21½	12⅜	Acme Elect			20	80	17¾	17½	17¾	+¼
34½	31⅜	Acordia	0.72	2.2	16	3	32⅞	32⅞	32⅞	+⅛
11⅞	8⅝	Actava	0.36	3.7	7	48	9¾	9⅝	9⅝	
16¾	11⅞	Acuson			19	380	12⅜	12	12⅜	
16⅝	15⅝	Adams Expr	0.36	2.2	0	80	16⅜	16½	16⅜	+¼
68½	53	Ad Micro	3.00	4.5		88	66	66	66	
35⅝	25	AdvMic	3.00	8.6	11	4720	35¼	34⅝	35	+⅜
6⅜	5	Advest Grp	0.16	2.7	29	23	5⅞	5¾	5⅞	

Continued on next page

2:45 pm March 16

NYSE COMPOSITE PRICES

Continued from previous page

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Price data supplied by Telekurs

2:30 pm March 16

NASDAQ NATIONAL MARKET

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- B -

- C -

- D -

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AMEX COMPOSITE PRICES

2:45 pm March 16

AMERICA

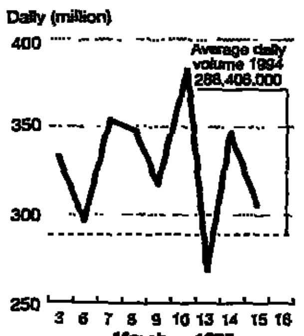
Dow hits new high as rate fears ease

Wall Street

US shares rose to fresh record highs early yesterday afternoon as bonds soared and a spate of economic data indicated that another interest rate increase may not be necessary to slow the economy, *writes Lisa Bransten in New York.*

By 1pm the Dow Jones Industrial Average was 28.36 higher at 4,066.73. The Standard & Poor's 500 climbed 3.05 at 494.93, and the American Stock Exchange composite gained 0.97 at 455.75. The Nasdaq composite rose 1.65 at 809.03. Trading volume on the New York Stock Exchange came to 197m shares.

NYSE volume



Last month's consumer price index rose 0.3 per cent, which was a slightly higher rate of increase than has been seen in recent months but in line with forecasts from a consensus of economists.

More encouraging to the *market was data showing that* the rate of increase on home construction was slowing. Also there was a survey by the Federal Reserve Bank of Philadelphia that indicated a deceleration of business activity among manufacturers along the northern *part of the Atlantic seaboard.*

Another positive note was struck by a stable dollar. Although the greenback slid in early trading, it bounced above late Wednesday levels later in the morning and stayed there *through the early afternoon.*

US Shoe was $⅞ higher at $25⅝ after the specialty *retailer announced it would* sell its business to Nine West. Nine West shares increased $⅞ at $29¾.

American Depositary Receipts of *Luxottica, the Italian maker of spectacle frames* that had sought to buy US *Shoe for its Lenscrafter* business, fell $1⅜ to $32⅞ after the US company rejected Luxottica's bid.

Shares in RJR Nabisco dropped $¼ at $5⅝ *after Kohlberg* Kravis Roberts gave its remaining 8 per cent of the company's shares to the recently acquired Borden, which *is expected to sell the* stock to raise cash.

Several paper companies lost ground on reports that an analyst at Merrill Lynch had lowered the rating on the stocks from "above average" to "buy". Stone Container dropped $1¼ at $20, *Weyerhauser lost* $⅞ at $37⅞, Mead was off $⅝ at $51⅞ and Westvaco fell $⅛ at $38¼.

Consumer stocks, regarded as a hedge against a slowing *economy gained more broadly* than cyclical shares according to Morgan Stanley indices of *those sectors. The consumer* index gained 0.6 per cent while the cyclical counterpart was up only 0.2 per cent. Among the largest gainers in the consumer index were Coca-Cola, up $1¼ at $58¾, Medtronic, $1¾ at $66¼, and Colgate Palmolive, $1⅜ at $67.

Gencorp rose $⅛ at $12⅝ *after reporting stronger first* quarter earnings than many analysts had projected. The company's earnings of 22 cents per share were 5 cents higher than the mean estimate.

Canada

Toronto was mixed as strength in a number of sectors offset *sharp* losses in gold and precious metals.

At midday, the TSE *300* index was up 2.28 at 4,221.12 in volume of 34.6m shares worth *C$387m. However, declines out*stripped advances by 285 to 266 with 286 issues unchanged.

Precious metals were down 160.23 to 9,465.42 on weak gold prices and profit-taking. Barrick Gold fell C$⅝ to C$32⅞ and Placer Dome sank C$⅝ to *C$30⅞. The losses were count*ered by gains in banking, consumer products, industrials *and real estate. Northern Tele*com rose C$1¾ to C$53½.

Buenos Aires gains 3.8%

Argentine blue chips posted *gains of 3.8 per cent at midses*sion with tax laws, passed by the congress on Wednesday, serving to steer the market back on to an upward path.

The Merval index gained 12.96 to 351.45, more than erasing the effects of Wednesday's profit-taking which followed a three-session, 33 per cent surge after the loan agreement with the IMF. *Blue chips were still,* however, 33 per cent down on *the levels prevailing when* Mexico devalued its currency three months ago.

Among the biggest blue chip gainers, Ipako, the petrochemical company rose 8.2 per cent and Banco de Galicia added 7.8 per cent. Tabacal, the tobacco *group, jumped 7.6 per cent,* Sevel, the carmaker, gained 7.3 per cent and Molinos, the foods giant, was 6.3 per cent higher.

S Africa sees correction

Johannesburg saw a correction from Wednesday's futures driven levels to end mixed.

Golds were pressured by a strong rand and an easier bullion price, pulling them back *from the highs reached on the* back of Wednesday afternoon's futures close-out.

Industrials regained some of the ground lost during the previous session, supported by the national budget which was seen as encouraging foreign investment with the scrapping of non-resident shareholder tax from October 1.

The overall index, recalculated to include almost all *market capitalisation,* was 3.0 softer at 5,274.2, industrials gained 32.4 at 6,649.8 and golds fell 49.7 or 3.2 per cent at 1,495. De Beers fell 150 *cents to R86.*

EUROPE

US economic data outweigh Buba's standstill

Interest rate hopes dominated market movements yesterday, *writes our Markets Staff.* In early trading, traders were encouraged by the chance of a German rate cut, on the basis of a newspaper interview with the Bundesbank president, Mr Hans Tietmeyer.

Those hopes were disappointed in the middle of the day when Buba left key rates unchanged. But in the afternoon, markets rallied on the back of economic data which suggested that a US interest rate increase was less likely.

PARIS jumped 2.7 per cent in reaction to US influences, and to a pro-European speech from *Mr Jacques Chirac, the main* presidential candidate. But the gains among leading stocks masked a sharp plunge in the French state-owned bank, *Credit Lyonnais.*

The CAC-40 index ended the day 47.16 up at 1785.76. CL tumbled FFr17 to FFr263, its low of the year and down from FFr856 a share in February, 1994. It was announced that three people were in custody as part of a *fraud investigation into the* affairs of one of its subsidiaries.

Meanwhile Alcatel Alsthom bounced FFr19.30 to FFr426 as *the ousted chairman, Mr Pierre* Suard, publicly declared his, and the company's, innocence in relation to charges of overbilling.

Pernod Ricard, the drinks group, added FFr7.20 at *FFr332.20 despited some con*cerns over the group's intention to make foreign acquisitions worth between FFr3bn and FFr5bn. And Elf Aquitaine, due to hold a presentation to analysts late yesterday, gained FFr11.20 to FFr377.20.

MILAN finished firmer but off the day's highs after Mr Lamberto Dini, the prime minister, narrowly survived the parliamentary confidence vote and won approval for the 1995 interim budget.

The Comit index rose 5.45 to 602.69 *while* the Mibtel index finished 148 ahead at 9,661, having peaked at 9,751 on short covering ahead of today's close of the March account.

Mr Andrea Ruggeri at Goldman Sachs commented that while market fundamentals were positive, he believed that the valuation was not particu*larly attractive and Italy would* deliver returns this year below the European average. "The political situation may have improved today, but nothing *has really changed* in terms of the risk that the market *involves, and so I am not par*ticularly bullish."

Telecommunications issues were the day's main beneficiaries, with Mr Dini's win improving the chance that the sector would be privatised on schedule. Stet gained L135 or 3.1 per cent to L4,447 and Telecom Italia was L127 or 3.4 per cent higher at L3,918.

FRANKFURT recovered, reacted, then rose again, before *the Dax index closed the after*noon at an Ibis-indicated 2,016.15, up 20.93 on the day.

Recent disaffection with cyclicals remained, to an extent. There were outperformers in banks, chemicals and retailing, with carmakers relatively subdued and engineers mixed.

Deutsche Babcock fell another DM3.50 to DM159, down 15.6 per cent since the *end of last month against* a 4.1 per cent fall in the Dax. Mr Theo Kitz, an engineering analyst at Merck Finck in Düsseldorf, said Wednesday's results produced earnings below expectations.

However, Germany metals producers were upbeat on 1995 prospects yesterday, and this seemed to be reflected in Preussag, up DM8 at DM442.

ZURICH was led higher by renewed demand for banks, and the SMI index finished 16.7 ahead at 2,491.7.

SBC led the banks ahead as investors put Wednesday's sharply lower 1994 results *behind them* and turned to a more bullish outlook for 1995. The bearers rose SFr10 to SFr364, with strong demand *noted* from one Zurich bank.

Brown Boveri picked up SFr12 to SFr1,114, supported by *news that ABB was to merge* its railway activities with Daimler Benz, and that ABB was to receive $900m as part of the deal. An analyst described the move as a good strategic *decision for an underperform*ing division.

STOCKHOLM slipped on con*tinuing concern over the dollar* and news that some banks were raising interest rates. The OMX index fell 4.18 to 1,131.46 in turnover of SKr2.5m. The defence group, Celsius plummeted SKr17.50 to SKr127.50 after forecasting lower profits *for 1995. Celsius forecast* a 1995 figure of less than SKr735m compared with a 1994 profit of SKr904m.

Modo, the forestry group exposed to the US dollar, fell SKr8 to SKr334.50 as investors took profits following company *figures in line with forecasts.*

AMSTERDAM featured higher-than-expected profits from Hoogovens, which hit an intraday high of Fl 74.50; then *analysts noted a one-off* tax gain which left net profits in line with expectations, and the shares ended Fl 1 lower at Fl 69.30 as the AEX index fell 1.68 to 393.03.

FT-SE Actuaries Share Indices

Mar 16							THE EUROPEAN SERIES	
Hourly changes	*Open*	*10.30*	*11.00*	*12.00*	*13.00*	*14.00*	*15.00*	*Close*
FT-SE Eurotrack 100	1237.83	1238.44	1237.94	1240.94	1235.90	1234.15	1235.95	1240.54
FT-SE Eurotrack 200	1335.14	1336.14	1334.94	1337.93	1332.51	1332.89	1334.04	1336.98

	Mar 15	Mar 14	Mar 13	Mar 10	Mar 9
FT-SE Eurotrack 100	1239.58	1242.42	1222.41	1231.87	1227.91
FT-SE Eurotrack 200	1332.98	1334.29	1321.71	1323.21	1314.73

Base 1000 (26/10/90): High/day: 100 - 1243.98, 200 - 1342.53 Low/day: 100 - 1232.94 200 - 1329.83 † Partial

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Nov 1994	Dec 1994	Jan 1995	Feb 1995	US $bn
Belgium	60.31	64.30	53.87	57.27	1.90
Denmark	29.25	23.21	22.75	22.09	3.79
Finland	11.26	10.20	11.16	14.03	3.09
France	171.19	174.08	141.32	152.25	29.57
Germany	108.54	99.98	114.94	125.64	85.76
Italy	41,848	44,176	66,215	54,807	32.82
Netherlands	26.20	19.50	27.00	27.30	16.61
Norway	19.79	26.46	24.19	23.48	3.62
Spain	1,022.72	1,172.56	1,086.13	1,062.36	8.29
Sweden	135.28	105.26	124.04	94.18	12.81
Switzerland	25.40	18.99	20.30	20.36	16.41
UK	48.08	41.67	49.38	47.52	75.08

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

Nordic countries feature for the first time in the European bourse turnover rankings, and the smallest of them produced the biggest individual gain in February, says Mr James Cornish of NatWest Securities, which produces the figures. Finland's 25.7 per cent increase in turnover compares with an average fall of 3.5 per cent for the 12 countries involved. It came in parallel with a 4.1 per cent fall in the Hex index and the selling seems to have been domestically-led, with London's screen-based Seaq International market producing a gain of only 16 per cent on the month. Germany came second to Finland, up 9.3 per cent, again on a big fall in share prices. The biggest drop in turnover came in Sweden, down 24.1 per cent after the rise in capital gains tax at the beginning of the year produced "spikes" in turnover – in December, as those affected by the tax took profits in advance, and in January as the same investors bought back into the market.

Written and edited by William Cochrane, Michael Morgan and Peter John

ASIA PACIFIC

Nikkei down 1.9% as Karachi falls to 16-month low

Tokyo

A fall in the dollar against the yen triggered profit-taking and the Nikkei index plunged, led by a decline in the construc*tion and electrical sectors, writes Emiko Terazono in Tokyo.*

The Nikkei 225 index fell 311.15, or 1.9 per cent, to *16,355.68 after a low of 16,308.55* and a high of 16,632.82. Profit-taking after Wednesday's 2.6 *per cent rise depressed prices* at the start of the session, while subsequently, investors began selling high-technology stocks and construction companies as the dollar weakened below the Y90 level.

Volume totalled 392m shares *on active selling and buying* back of stocks by corporate investors trying to lock in profits ahead of the fiscal year end.

The Topix index of all first section stocks lost 18.66 to 1,303.82 and the Nikkei 300 declined 3.54 to 240.73. Losers overwhelmed gainers by 852 to 158, with 147 issues remaining unchanged.

In London, the ISE/Nikkei 50 index slipped 0.45 to 1,063.27.

Rising concern over the health of Crédit Lyonnais, the French banking group, depressed investor confidence. In the afternoon, the bank's Japanese arm denied rumours *that it had incurred massive* losses from unrecoverable loans to Singapore, and traders said buying by insurance companies and banks helped to underpin the market.

According to the Japan Securities Dealers Association, net purchases *of equities by life* and non-life insurance companies totalled Y762.5bn in February, the ninth largest on record, due to sluggish demand *for loans. Overseas investors* bought a net Y1,409.4bn, while agriculture related financial institutions sold a record Y585.6bn.

On the trading floor, brokerages were the hardest hit sector of the day, falling 2.7 per *cent. Selling pressure has been* mounting since the Barings debacle. Nomura Securities lost Y50 to Y1,590 and Daiwa Securities declined Y30 to Y1,010.

Individual investors tried to cut their losses on construction *stocks bought on the recon*struction theme following the earthquake. Sumitomo Construction, the most active issue of the day, fell Y35 to Y635, and *Fudo Construction declined* Y55 to Y830.

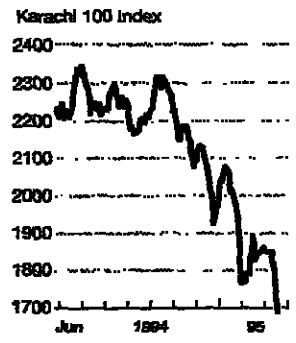
In Osaka, the OSE average fell 258.94 to 18,194.08 in volume of 629.8m shares. High-technology shares and pharmaceuticals lost ground on profit-taking.

Roundup

Trading was subdued in much of the region.

KARACHI, however, plunged below 1,700 to a 16-month low as investors became unnerved by a strike call from local businessmen protesting at the recent violence in the city. The *strike is set for for March 25.*

Pakistan



Source: Reuter

The Karachi 100-share index tumbled 42.63, or 2.5 per cent, to 1,695.57. Prices started to *slip after the killings of two* Americans on March 8 and many dealers believe the trend could to continue until law and order in the city improves.

BOMBAY was lower for a second consecutive session after Wednesday's budget as *investors sold shares in compa*nies likely to be hit by the measures.

Cuts in import duties and rises in sectors like textiles, cement and steel brought down prices of Reliance Industries, Associated Cement and Tata Iron and Steel.

The BSE-30 index fell 37.15 or 1.9 per cent to 3,362.04, having picked up from a midday low of 3,286.13 after rumours of the *release of a keenly awaited* report on the reintroduction of badla, or carry forward trade, *triggered renewed buying.*

KUALA LUMPUR was mixed in thin volume as investors remained concerned about the outlook for the US dollar and interest rates. The composite index finished 6.56 higher at 943.88, with some analysts suggesting that the revival of election talk after the return of the *prime minister, Mr Mahathir* Mohamad, from an overseas trip could trigger fresh speculative interest.

SEOUL was flat as some demand re-emerged after earlier profit-taking and the composite index added 0.45 to 954.16.

Taekwang Industry hit an all-time high of Won669,000, the highest price ever recorded on the Seoul bourse.

HONG KONG was lower as the market digested the previous session's 270 point gain and speculation about forthcoming covered warrant issues also dampened the market. The Hang Seng index closed 17.46 down at 8,347.75 in turnover of *HK$3.6bn after HK$4.7bn on* Wednesday.

SYDNEY ended firmer with buying in a few blue chip issues continuing to support the market despite some weakness in the resources sector.

The All Ordinaries index closed 4.6 higher at 1908.9. Blue chips, including News Corp, National Australia Bank and BHP lifted the market early and supported it over the rest of the session.

WELLINGTON gained ground after *after the Reserve* Bank, produced what was seen as a *hawkish statement* on inflation. The NZSE-40 capital index rose 21.72 to 1,974.72, fol*lowing a 15-point rally in long* bonds.

BANGKOK ended lower despite recovering some ground later on buying of tele*communications stocks.*

The SET index closed down 16.65 at 1,135.69 after falling as low as 1,123.68. A *moderate* 55.4m shares worth Bt3.9bn changed hands.

MANILA closed higher on buying from local investors, boosted by tentative overseas support. The 30-share index finished 30.93 up at the day's high *of 2,297.3.*

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses *show number of lines* of stock	WEDNESDAY MARCH 15 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 14 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	164.48	1.1	152.75	93.42	119.08	146.62	0.9	4.05	162.72	151.94	93.77	119.59	145.33	180.82	157.96	176.88
Austria (16)	191.51	2.4	177.85	108.78	138.55	138.61	0.9	1.17	186.96	174.57	107.74	137.40	137.36	198.89	167.46	189.97
Belgium (35)	179.06	1.7	166.29	101.70	129.64	126.87	0.1	4.36	176.00	164.34	101.42	129.35	126.70	179.06	161.53	169.80
Brazil (28)	112.62	-2.7	104.58	63.97	81.54	183.57	-2.1	1.85	115.73	108.06	66.69	85.05	187.56	–	–	–
Canada (103)	129.85	0.8	120.59	73.75	94.01	133.08	0.7	2.62	128.79	120.26	74.22	94.65	132.09	141.01	120.54	136.73
Denmark (33)	262.23	1.9	243.53	148.94	189.85	199.74	0.6	1.56	257.45	240.39	148.36	189.20	198.55	275.27	236.61	270.09
Finland (24)	*188.34*	*3.1*	*174.91*	*106.97*	*136.35*	*171.43*	*1.8*	*1.45*	*182.72*	*170.61*	*105.29*	*134.28*	*168.34*	*201.41*	*133.88*	*146.58*
France (101)	165.36	0.2	153.57	93.92	119.72	128.38	-1.2	3.34	165.06	154.12	95.12	121.31	129.99	181.44	157.79	180.71
Germany (58)	*150.95*	*1.9*	*140.18*	*85.74*	*109.28*	*109.28*	*0.4*	*1.96*	*148.17*	*138.36*	*85.39*	*108.89*	*108.89*	*154.61*	*132.08*	*136.65*
Hong Kong (56)	340.06	3.3	315.82	193.15	246.21	337.56	3.3	3.91	329.20	307.39	189.71	241.94	326.78	416.42	277.40	403.12
Ireland (16)	*207.71*	*1.1*	*192.90*	*117.98*	*150.39*	*184.06*	*0.3*	*3.59*	*205.44*	*191.83*	*118.39*	*150.98*	*183.58*	*217.10*	*177.56*	*192.30*
Italy (58)	68.73	-1.7	63.83	39.04	49.76	86.23	-1.6	1.80	69.91	65.28	40.29	51.38	87.85	97.78	67.25	77.57
Japan (484)	147.67	2.8	137.14	83.87	106.91	83.87	1.3	0.91	143.62	134.10	82.76	105.55	82.76	170.10	136.95	155.10
Malaysia (97)	467.25	1.3	433.94	265.40	338.30	457.90	1.0	1.72	461.16	430.60	265.75	338.92	453.20	594.76	398.16	488.86
Mexico (18)	752.92	-1.7	699.23	427.65	545.11	5536.07	1.5	1.96	766.02	715.26	441.43	562.96	5456.51	2414.12	647.81	2089.97
Netherland (19)	231.48	1.2	214.97	131.48	167.59	164.98	-0.4	3.70	228.81	213.65	131.86	168.16	165.64	232.41	191.28	202.88
New Zealand (14)	73.24	1.1	68.02	41.60	53.03	59.82	1.1	4.93	72.46	67.66	41.76	53.25	59.16	77.20	62.06	70.37
Norway (23)	210.36	1.6	195.35	119.48	152.30	177.79	0.4	2.22	207.01	193.29	119.29	152.13	177.06	216.03	177.53	201.98
Singapore (44)	351.60	1.6	326.53	199.70	254.56	228.86	1.4	1.88	346.10	323.17	199.45	254.36	225.76	401.38	294.68	320.46
South Africa (59)	339.89	1.2	315.65	193.05	246.09	266.33	-0.1	2.55	335.70	313.46	193.45	246.71	266.61	342.00	205.55	270.25
Spain (36)	126.94	0.0	117.89	72.10	91.90	122.61	-1.2	4.58	126.95	118.54	73.16	93.30	124.12	150.21	124.81	148.14
Sweden (48)	240.59	0.2	223.44	136.66	174.19	256.41	-0.1	2.11	240.00	224.10	138.31	176.39	256.55	247.40	196.70	221.08
Switzerland (47)	176.85	2.2	164.24	100.45	128.04	126.74	0.4	1.93	173.02	161.55	99.70	127.15	126.20	179.86	149.91	163.91
Thailand (46)	131.40	0.2	122.03	74.64	95.14	126.12	0.0	3.37	131.16	122.47	75.58	96.39	126.14	–	–	–
United Kingdom (204)	196.99	0.5	182.94	111.89	142.62	182.94	0.0	4.41	196.00	183.01	112.95	144.04	183.01	205.58	181.11	200.09
USA (612)	201.19	-0.2	186.84	114.27	145.66	201.19	-0.2	2.82	201.64	188.28	116.20	148.19	201.64	201.64	178.95	190.11
Americas (681)	183.87	-0.2	170.76	104.44	133.12	*154.50*	-0.2	2.79	*184.28*	*172.06*	*106.19*	*135.43*	*154.80*	–	–	–
Europe (720)	172.70	0.8	160.39	98.09	125.03	145.22	-0.2	3.31	171.29	159.93	98.71	125.88	145.53	176.01	160.59	171.40
Nordic (128)	*231.86*	*1.1*	*215.33*	*131.69*	*167.87*	*205.88*	*0.4*	*1.91*	*229.31*	*214.11*	*132.14*	*168.52*	*205.06*	*235.72*	*197.70*	*213.37*
Pacific Basin (809)	155.67	2.7	144.57	88.42	112.71	93.70	1.4	1.26	151.61	141.57	87.37	111.43	92.40	176.86	145.93	164.54
Euro-Pacific (1529)	*162.67*	*1.9*	*151.07*	*92.39*	*117.77*	*113.48*	*0.7*	*2.18*	*159.72*	*149.13*	*92.04*	*117.38*	*112.71*	*175.14*	*154.73*	*167.24*
North America (615)	196.77	-0.2	182.74	111.76	142.46	196.55	-0.2	2.81	197.13	184.07	113.60	144.88	196.92	197.13	175.67	186.79
Europe Ex. UK (516)	*155.68*	*1.0*	*144.57*	*88.42*	*112.71*	*123.82*	*-0.3*	*2.66*	*154.12*	*143.91*	*88.61*	*113.27*	*124.21*	*158.19*	*144.12*	*152.39*
Pacific Ex. Japan (325)	234.65	1.9	217.92	133.28	169.89	206.49	1.8	3.32	230.27	215.01	132.70	169.23	202.91	273.13	211.19	256.66
World Ex. US (1737)	*163.01*	*1.8*	*151.39*	*92.59*	*118.02*	*116.64*	*0.7*	*2.20*	*160.18*	*149.56*	*92.31*	*117.72*	*115.87*	*176.65*	*165.42*	*168.83*
World Ex. UK (2045)	172.25	1.1	159.97	97.84	124.71	137.36	0.4	2.21	170.41	159.12	98.20	125.24	136.86	178.59	163.46	172.31
World Ex. Japan (1765)	*190.39*	*0.3*	*176.81*	*108.14*	*137.84*	*177.31*	-0.1	3.02	189.74	177.17	109.34	139.44	177.42	192.00	176.34	187.13
The World Index (2249)	174.44	1.0	162.00	99.08	126.29	141.41	0.3	2.42	172.67	161.22	99.50	126.89	140.95	180.80	165.92	174.75

Constituent changes with effect 17/3/95: Addition: Lockheed Martin Corp. (USA) (to be included in Large Cap index). Deletions: Lockheed Corp. (USA), Martin Marietta (USA) and Wellcome (UK). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: The special relationship may be under strain among US expatriates in London

Overwrought, overworked and over here

Many companies find it useful to put their expatriate employees through some kind of cultural awareness programme to help them acclimatise to a new workbase, but is this really necessary when those employees are North Americans coming to work in the UK?

Barbara Chernin, a Canadian-born expatriate who has lived in the UK for about 18 months, believes that it is. From the evidence of a group of US executives who attended a City seminar she organised on cultural awareness last week, she may have a point.

Chernin was aiming the seminar at single employees who, she says, often find themselves alone, unsupported and confused about cultural expectations. She said: "They think that because we speak the same language and have the same history, there is nothing to learn. In reality they find that there is indeed a culture shock, the language is not entirely compatible and this can lead to problems for some."

A common reaction, she said of young, single US expatriates in London, was to deal with loneliness by spending more time at work. Sometimes this led to increased pressure, resulting in illness and, in the worst cases, requests to go home.

So what problems do Americans have when they get to the UK? If the experiences of those at the seminar are anything to go by, they may range from petty inconveniences such as smaller fridges in their flats to the not much more serious pain of having to buy drinks on your birthday instead of having them bought for you.

The most depressing experience was to hear American views of the English. They think the service is terrible, that the food is full of monosodium glutamate, and that English as opposed to American English is a foreign language.

Their popular (and most feared) image of the typical English male appears to be that of a braying ex-public schoolboy who adheres to a Byzantine social class structure. The only notable comment about life outside London was that sluggish service in the capital ground to a snail's pace outside the M25. Few appeared to be contemplating trips to the regions.

Their idea of experiencing British life appeared to involve trips to Ascot or Henley during the season or a picnic at Glyndbourne. There was little appreciation of regional subtleties. One speaker admitted that it took him months to spend any money because he kept translating pounds into dollars and deciding everything was too expensive.

Views about the British at work were equally enlightening. They ranged from the observation that in London it didn't matter what time it was when you turned up for work to an expression of disappointment that it was difficult to enforce workplace discipline "because you can't hold the threat of being fired over people's heads".

One speaker said she needed a translator to explain the differences and nuances of the language when she arrived. Another noticed the tolerance of smokers. "If you are a smoker it's as if you have died and gone to heaven," he said. In terms of smoking restrictions, he put the UK between five and 10 years behind the US. "But you can see things closing in on smokers here too," he added.

At least the seminar, which was attended by one or two natives, led to a frank exchange of views. Most of the expatriates seemed in general agreement that the English class system is impenetrable. So is county cricket and the distinction between the amateur and professional codes of rugby. Chernin admitted that she had kept the seminar and the speeches short deliberately because young North Americans have short attention spans. "This is the television generation," she said.

Not all the comments about the British way of life were negative. Among the positive ones were praise for the Royal Mail and the cultural diversity of London. The main difficulty of the US expatriates seemed to be one of integrating with the natives.

It was clear from the meeting that the gulf in understanding between the two cultures was a real source of anxiety, at least initially, for some US employees arriving in the UK. What also seemed disturbing was the prominence of national stereotypes in the perceptions of respective nationals. Can stereotyping affect working relations in companies with multinational workforces? We might also begin to ask: what price the special relationship in the workplace?

One report published last year went so far as to suggest that Americans had more in common with the French. If ever there was a case to illustrate that national differences can matter in the workplace, it is a current law suit filed in New York by a British securities trader who was sacked by the Canadian Imperial Bank of Commerce.

The trader, Russell Deakin, is alleging that he was subjected to a string of anti-British remarks by his former boss, George Courtadon, a Frenchman. Deakin says Courtadon was rude about British dress sense, the looks of British women and about English soccer hooligans.

It is difficult to assess how many of the national differences really matter. One big difference between the Americans and the British is how the former seem to have anxieties about everything. This was reflected in a piece of blunt advice from a British speaker who pointed to the American reputation for whining.

"Complaining is very much part of the American culture but it is not part of ours," he said. He told them: "There are times when you will just have to button your lip. Complaining is the one thing guaranteed to make the hackles rise in a British person. Whatever you do, don't complain."

He conceded that there seemed to be xenophobically-inspired desires by both nationalities to caricature each other.

Chernin says that about 30 per cent of current US expatriates in Europe are single. The numbers are growing, suggesting that the problems may get worse.

Chernin, who held the seminar in association with Karen Deane Relocations, a London-based relocation company, said she might organise others in future if there was a demand. Anyone interested in exploring further could call her on 071 591 0763.

● When full-time directors are borrowed from their employer to be part-time directors of another company, who should pick up the fee, the director or the full-time employer? This delicate little topic was touched upon in the findings of a survey recently carried out by Monks Partnership.

The survey of 217 predominantly larger UK companies found that they were divided about who should retain fees. Some 44 per cent of industrial companies normally permitted their executives to retain fees, but only 26 per cent of financial organisations were so generous.

What seemed most clear from the report was that there was no broadly accepted policy over the recruitment and pay of non-executive directors. Some companies impose limits on how much pay their executives can retain from outside appointments and a small number limit the number of outside appointments.

The research discovered that fees for non-executive directors tended to be fixed in an arbitrary way, without the use of pay formulas. Many companies seem to update fees once every two years, often basing fee size on that paid by other companies of similar stature.

Without broad agreement on how these appointments should be handled, particularly on the number of permitted appointments and fee retention, and given the increasing responsibilities of non-executive directors, there may be a danger that split commitments will veer too far from the full time employer – or that the borrowed executive will be too busy boosting his income elsewhere.

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Please reply in the first instance to Colin Barry, the Company's Advisor in this matter, at Overton Shirley & Barry Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 0171-248 0355. Fax: 0171-489 1102.

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International Lawyer **Basle**

This is an unusual and interesting opportunity for a 3 to 5 year qualified lawyer to work in Switzerland for a prestigious international organisation.

The Bank for International Settlements is an international financial institution established in 1930 to promote co-operation between Central Banks. Its chief functions include: providing a forum for discussing international monetary and financial issues; offering banking and investment services to Central Banks and international Institutions; acting as trustee or agent in regard to international financial settlements; and conducting monetary and economic research.

The bank's established legal service is essentially an in-house consultancy. It presently comprises five lawyers of Swiss, French, German and US origin. The team now wishes to recruit a UK qualified lawyer. The role is both fascinating and diverse and includes elements of banking, finance, commercial, private international, comparative and public law.

Candidates will be 3 to 5 years qualified, preferably working in the field of international banking law. They will have top academic credentials and will ideally have worked within Continental Europe. Fluency in French and/or German is essential.

For further information and a confidential chat, please contact Gavin Burgess on 0171 936 2565 (01727 847445 home) or write to Taylor Root, Ludgate House, 107 Fleet Street, London EC4A 2AB. (Fax 0171 936 2463). Taylor Root are handling this assignment exclusively.

TAYLOR·ROOT

LEGAL RECRUITMENT ADVISERS

The Nippon Credit Bank, Ltd.

The Nippon Credit Bank, global financial engineer and vital member of the worldwide financial community, is seeking to recruit three professional Marketing Officers and one Financial Relationship Officer to focus on expanding it's customer base throughout Europe. Due to their commitment both to capturing new business and enhancing the service given to customers the requirement is for experienced individuals possessing an depth knowledge and understanding of each country's politics, economics and financial business environment.

Marketing Officer

Geographical areas to be focused on are South Western Europe (especially Spain and Portugal), Middle and Eastern Europe (including Germany and the Czech Republic) and Scandinavia (including Finland and Iceland). Candidates must be bi-lingual and possess experience of marketing to one of these geographical areas. You will have concentrated on Corporate, Sovereign and Financial Institutions.

Relationship Officer

Applications are sought from a Financial Institutions Relationship Officer to concentrate on maintaining and developing relationships providing Treasury and Capital Markets services to Banks, Insurance Companies, Building Societies, Fund Managers and other non-bank Financial Institutions throughout Europe. Candidates will possess relevant experience, with the ability to develop innovative solutions within todays markets.

The Nippon Credit Bank are offering above average renumeration and benefits packages and scope for the successful candidates to develop their potential.

For further information please contact or write in strictest confidence enclosing full curriculum vitae to Helen Stewart.

JOSLIN ROWE

banking recruitment consultants

Joslin Rowe Associates Ltd Bell Court House 11 Blomfield Street London EC2M 7AY
Telephone 0171 638 5286 Facsimile 0171 382 9417

A Member of the Blomfield Group

TREASURY SALES

to £70,000 + Bonus & Banking Benefits

Our client is one of the world's most respected international banks, with an active presence in most of the major financial centres and a particular reputation for the quality and prominence of its Treasury activities.

There is now an opportunity within the Treasury Sales team in London for an additional experienced Dealer to market FX & Money Market products, both on & off balance sheet, to corporates and financial institutions in France and/or French speaking European countries.

The successful candidate is likely to have the following profile:

- Fluency in both English and French;
- A profitable track record in Money Market and Foreign Exchange Sales, based in the City of London and/or other major financial centre;
- Good understanding of currency options, capital markets and derivatives products;
- Wide ranging contacts with French corporates and financial institutions;
- Age 28-35.

If you have the necessary skills and experience and are willing to meet the challenges of this role, please call or write to Sean Carr or Richard Lyons.

All applications will be treated in the strictest confidence.

Telephone 0171-623 4075
Facsimile: 0171-626 3172

CARR-LYONS

Search & Selection Limited

Astral House,
125-129 Middlesex Street
London E1 7JF

CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Career appointment. Opportunity to take management responsibility and to review procedures in a bank *which is expanding rapidly*

MANAGER OPERATIONS - BANKING

CITY **c.£36,000 + CAR + BONUS**

MAJOR EUROPEAN BANK WITH GLOBAL PRESENCE

Our client has a sophisticated product range, with a strong presence in trade, commodity, project, and structured finance as well as more traditional corporate banking. The successful applicant will manage three teams of experienced technicians in loans administration, documentary credits and customer payments/reconciliations and there will be a strong interface with the Treasury and Commercial Banking teams. Applicants must have 5+ years' banking operations experience, excellent PC skills, a broad product knowledge and the accounting skills to react to and understand the impact of the business on P&L and the bank's balance sheet. We seek a confident, ambitious manager who will generate ideas and find solutions across all areas of operations. Initial remuneration is negotiable c.£36,000 + car/allowance, bonus and excellent bank benefits.

Applications in strict confidence quoting reference MOB5027/FT to the Managing Director, CJA.

EUROBOND SALES

Salesperson required for placement of international securities with institutional investors. The successful candidate will have first-hand knowledge and experience of selling fixed income bonds, floating rate notes and interest rate/asset swaps to sophisticated fund-managers, treasurers and loan-officers.

Knowledge of emerging markets and foreign languages an advantage. Professionalism and a high level of motivation are essential.

He/she will be part of a small team working for a quality European bank in the City with a broad and varied product base, a clear strategy, and proven management commitment.

Remuneration negotiable.

Interested candidates should send a comprehensive CV (including salary and benefits package) to: Box A5063 Financial Times, One Southwark Bridge, London SE1 9HL

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Human Resources Manager

Warsaw

Price Waterhouse has been operating in Poland for five years. Our office employs over 250 staff in three locations in Poland and is still expanding in order to serve our international and Polish clients. To ensure effective management of our personnel we are looking to recruit a strong Human Resources Manager.

The appointed individual will be responsible for Price Waterhouse Poland personnel policy development, recruitment, training, control of appraisal procedures and all issues connected with Polish labour code, etc. The successful candidate will report directly to a Warsaw Partners' committee.

We are looking for an excellent communicator with drive, ambition and a desire to contribute to the operational growth of the business. You need to be a dynamic person with very good interpersonal and organizational skills. Exposure to multinational environment and Polish language skills will be advantageous.

Ideally, the position calls for a University graduate with at least five years of professional experience in the human resources area. However, candidates with less experience but high potential who wish to work in a multinational environment will be considered. Further training and development in Polish and international human resources matters can be provided.

We will offer a highly competitive compensation package commensurate with the importance of this position. In addition, you can take advantage of the excellent career development opportunities that exist with this global organisation.

If you meet our requirements please apply quoting reference number ESS/398 to:

Price Waterhouse
Executive Search & Selection
Warsaw Corporate Centre
ul. Emilii Plater 28
00-688 Warszawa
Poland

We guarantee confidentiality

APPOINTMENTS WANTED

Italian Investment Banker, 27

2 years experience in Corporate Finance, 1 year experience in Capital Markets and derivatives in top US Investment Bank in London.
Italian/English bilingual and French fluent, numerate with excellent communication skills, seeks high revenue generating position either in London or Milan.
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As a result of the continued growth in our Finance and Accoutancy practice, we seek Senior Consultants for our **London and Manchester teams.**

Candidates with experience of this specialist sector are most likely to be working within the recruitment industry and are now seeking greater opportunity for career development.

Undoubtedly, you will be of high intellectual capability with a good first degree, ideally coupled to an accountancy qualification.

Above all, you must share our uncompromising and passionate commitment to total quality and be able to translate these concepts into exceptional client service.

In return, Hoggett Bowers provides excellent training and career development and the opportunity to join one of Britain's most progressive Recruitment Groups.

To apply please send your Curriculum Vitae detailing salary package to Cindy Irvine, Managing Director, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, quoting Ref: CI/7692/FT

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

CHIEF FINANCIAL & ADMINISTRATIVE OFFICER

INTERNATIONAL SECURITIES

CITY BASED **c.£60,000 + BONUS + BENEFITS**

- *Diverse finance and operational management* role with the European securities arm of a substantial and successful, North American based player, a leader in a number of markets.
- Challenging opportunity with a wide remit which includes responsibility for financial management together with IT and operational areas throughout Europe.
- Considerable potential and scope to upgrade and develop and to influence the future shape and direction of the organisation as it seeks to develop further its strong market position.
- Qualified accountant, probably aged mid 30's - mid 40's with a quality record of financial management gained ideally within the securities industry but certainly in international banking/financial services.
- Commercially aware, you should be highly motivated and energetic. An organised and disciplined manager with absolute financial professionalism.
- Well developed inter-personal skills, pragmatic with a 'do it now' mentality. Self reliant, but a proven team player.

Please apply in writing quoting reference 895
with full career and salary details to:
Phil Bainbridge
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043

Whitehead SELECTION
A Whitehead Mann Group PLC company

Coopers & Lybrand | Executive Resourcing

Finance Director

SOUTH EAST **c £60,000 PLUS BENEFITS**

Our client is an international company and a major player in its industry sector.

As Finance Director, you will assume responsibility for the full finance, accounting and treasury functions. Priorities will be to manage efficiently a busy department and ensure tight financial controls plus effective budgeting, planning, corporate financing and risk management. You will also be required to play a proactive role in all financial aspects of the management of the company, working directly with other department heads.

A qualified accountant, you will have a proven track record of senior financial management in a truly international, multi-currency commercial environment. You must be capable of managing and developing the finance/treasury functions and be able to apply creative and practical solutions to ongoing and developing issues. You will be motivated by the desire to achieve and deliver results and have the appropriate interpersonal skills and presence to manage internal and external relationships in what is a fast moving, challenging but rewarding environment.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Anne Routledge, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference AR1083 on both envelope and letter.

EUROPEAN FINANCE DIRECTOR

COMMERCIAL ROLE SPEARHEADING EUROPEAN DEVELOPMENT

WEST END **c.£70,000 + BONUS + BENEFITS**

- Leading quoted international group providing *advertising and marketing services to a blue chip client* base. Revenues of c£300 million with a strong UK and US presence and an expanding European network.
- High profile role for a European group of five subsidiaries and seven associates. High level of project work, including strategy formulation. business development, business performance and acquisitions.
- Probably aged early thirties, graduate qualified accountant or MBA. Solid financial skills and broad commercial experience gained within a consultancy or corporate.
- Track record within a fast-paced, demanding *environment and previous international* experience an advantage. Language skills useful although not essential.
- Bright, with an incisive and enquiring mind. Well developed interpersonal skills - able to persuade and influence. Strong commercial focus and analytical ability.
- Energetic, self motivated and proactive, must be flexible in approach and able to relate at all levels across the business. Keen to contribute to business strategy, helping shape the Group's future growth and success.

Please apply in writing quoting reference 902
with full career and salary details to
Susan Ryder
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043

Whitehead SELECTION
A Whitehead Mann Group PLC company

GROUP FINANCE MANAGER

North Sussex **£30 – £35,000 + Car + Benefits**

With a turnover of c. £80m, our client is a fully listed PLC with significant interests in vehicle and equipment hire throughout the UK. *Its track record of commercial and financial* performance is impressive and they now wish to appoint a Group Finance Manager to their small head office management team.

Reporting to the Group Finance Director and liaising with subsidiary finance teams, you will have a particularly broad remit encompassing statutory and management accounting, taxation and treasury. The role is hands-on and includes both the detail of group accounting together with a wider commercial input.

Candidates will be computer literate accountants, most probably aged mid 20's to early 30's, with a strong technical accounting background and working knowledge of consolidations gained either within the *profession or industry.* The ability to work on one's own initiative, achieve tight time schedules and pay good attention to detail, combined with excellent interpersonal skills are all prerequisites.

To apply, please send a comprehensive CV including remuneration details and daytime telephone number, quoting reference CRR1295, to: Christopher Rose, Touche Ross Selection and Search, Mountbatten House, 1 Grosvenor Square, Southampton SO15 2BE. Tel: (01703) 334124.

Touche Ross

MANAGEMENT CONSULTANTS

FINANCE DIRECTOR

FOOD AND DRINKS SECTOR

BASED LONDON **PACKAGE c.£50,000**

- A genuine opportunity to make a significant contribution to this fast growing and ambitious company who benefit from the backing of a £multi-billion parent group.
- The position will appeal to outstanding individuals who combine commercial acumen with financial skills and wish to move into General Management positions on an international stage within 3 to 4 years.
- Reporting to the Managing Director, responsibilities *will include full financial control of the business, the* legal duties of Company Secretary and management of the logistics operations.
- Initial priorities will encompass a full review of organisation and personnel to ensure the achievement of a highly focused and dynamic team.
- Potential candidates must be qualified accountants, with strong leadership skills, and the ability to make things happen. Experience within an f.m.c.g. company will be beneficial but intellectual ability and positive attitude are more important.
- Probably aged 30-40. A mature and highly motivated *individual who is action orientated and does not accept* second best. A second language, preferably French would be useful.

Please apply in writing quoting reference 901
with full career and salary details to:
Richard Pearson
Whitehead Selection Limited
4 The Courtyard, 707 Warwick Road
Solihull, B91 3DA. Tel: 0121 709 0909

Whitehead SELECTION
A Whitehead Mann Group PLC company

Tax Partner

North Home Counties **To £65,000**
Package + Relocation

Our client is a well-known and ambitious National firm of Chartered Accountants with a thriving network of offices in the North Home Counties. Real growth, and the desire to capitalise on further opportunities for new business, has led to the need to recruit an energetic Tax Partner. Key objectives of the role will be:

- To head up the Tax Practice, providing appropriate advice to further increase fee income and profitability.
- To deal with the more complex clients, and to create leadership in taxation knowledge for the rest of the practice.
- To contribute to the creation of ideas and opportunities for the firm to demonstrate its skills to the market place.

The successful candidate will ideally be ACA/ATII qualified, aged 30's-early 40's, technically sound and with broad ranging Corporate Tax experience, particularly in relation to Owner Managed Businesses. Of paramount importance will be excellent communication skills, presence and credibility, combined with a demonstrably successful marketing and practice-development track-record.

Interested candidates should telephone **Martin Purrier** ACA on 0171 836 9501 (evenings/weekends 01483 747054) or write to him, enclosing a CV, at Douglas Llambias Associates, 410 Strand, London WC2R 0NS. All enquiries will of course be treated in the strictest confidence.

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APPOINTMENTS WANTED

EXPERIENCED FINANCE DIRECTOR

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Very commercial.
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Finance and Operational Chartered Accountant, Aged 30, seeks short term contracts.

Please write to

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Group Accountant

to £38,000 + car
Central London

Our client is a major UK consumer product Group with a worldwide turnover in excess of £5 billion and an active programme for the development of its core businesses internationally.

They now require an additional Group Accountant of high intellect but with a practical bias to join a small Group Accounting team at Head Office which is responsible for monitoring and controlling the financial operations of the Group. The tasks include Statutory accounting under UK GAAP; generating internal and external data for major issues (e.g. acquisitions and disposals); consolidation of management reporting, budgeting and forecasts at Group level and financial analytical work which will involve the latest techniques for the review of the allocation of resources to Capital and revenue investment programmes.

Applicants should be Chartered Accountants with a high grade first degree in Applied Economics, Accountancy or similar, offering a strong technical background in managerial finance. The person must however have the ability to put theory into practice, work on routine and non routine matters as part of a team and be able to work to tight timetables. Well developed analytical and communication skills are extremely important.

The Group is committed to the development of its people. This is an excellent opportunity to extend your financial skills and gain exposure to all aspects of Group Financial management in a dynamic and expanding Group. Future prospects extend to the European operations of the Group in addition to specialist functions at the centre. Age guideline 28-30.

Please apply in writing quoting reference L585 to:

Brian Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 0171-240 7805.

Mason & Nurse
Selection and Search

RJR
R.J. REYNOLDS TOBACCO INTERNATIONAL S.A.

CAMEL

Winston

Salem

The New Frontier

Former Soviet Union

Our client, RJ Reynolds Tobacco International S.A., in 1992 was the first major investor in private cigarette enterprise in the Former Soviet Union. Since then the company has established itself as the recognised market leader with 5 production sites employing in excess of 5,000 staff. The company is committed to further growth in order to enhance its position and status in the industry world-wide.

As a result of recent acquisitions, the company is seeking to recruit five Financial Directors for its operations throughout the region. Reporting to and assisting the local General Manager, responsibilities will include:

- design, implementation and administration of pc based information systems;
- installation and development of robust financial controls and reporting procedures;
- training and development of local staff in accounting and internal controls;
- control of working capital – in particular, cash flow, standard costings and inventory issues.

Candidates must be qualified accountants with a successful track-record gained in an FMCG/manufacturing environment who can demonstrate a "hands-on" approach to the business and the intellectual ability to contribute to strategic decisions. Equally important are the personal qualities which must include confidence, maturity, flexibility, drive, energy and commitment together with the ability to identify and manage change. Fluency in English is a pre-requisite whilst a working knowledge of Russian or German would be useful but is not essential.

These are exceptional opportunities offering a high level of responsibility, excellent career prospects together with a generous and attractive remuneration package to attract the very best.

Interested applicants should forward a comprehensive CV, including current salary package and daytime telephone number to Gary Watson at Michael Page International, Page House, 39-41 Parker Street, London WC2B 5LH.

PACKAGES to ATTRACT the VERY BEST

MP
Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

Finance Directorate
Financial Planning Services Division

"Enfield Means Business"

Economic Development Accountant

£31,600 to £33,400 inc. London Weighting, the starting salary dependent upon experience.

Enfield has adopted an Economic Strategy, has Objective 2 and Assisted Area Status from the European Union and has been successful in bidding for resources from the Single Regeneration Budget. There is, therefore, an exciting opportunity within the London Borough of Enfield for an Economic Development Accountant.

We are looking for an enthusiastic accountant with knowledge of both public and private sector finance, European and other funding regimes, and an understanding of the commercial world.

The successful candidate will provide a full financial service to the Council's Economic Development Unit and ensure that Enfield maximises all sources of funding applicable to this activity.

You must be a qualified accountant with the appropriate experience.

Key tasks include:-

- Contributing to the Economic Development Unit's strategic management
- Working with the International Development Officer on all sources of European Funding
- Supporting and monitoring individual projects
- Seeking new and innovative ways of financing programmes

In addition to the competitive salary we offer:-

- Generous leave entitlement and flexible working hours
- Contributory pension scheme
- subsidised car loan scheme

For further details and an application form, please telephone 0181-982 7340 (24 hour answerphone) or write to the Personnel Manager, Finance Directorate, P.O. Box 54, Civic Centre, Silver Street, Enfield, Middx EN1 3XF.
Closing date: 31 March 1995.
Please quote reference: DF/907/303.

ENFIELD
WORKING FOR PEOPLE
FINANCE

Working towards equal opportunities.
We offer a smoke free environment.

Our client is an extremely successful, fast growing vendor of client/server systems software with worldwide operations in Europe, including Germany and the UK, and the US. The company is the unchallenged leader in its product market and is set to build a similarly strong position in several new emerging markets, positioning it for continued annual growth in excess of 50%. *With a view to an IPO on the NASDAQ stockmarket within the next two years, the Company is now seeking to further establish its worldwide infrastructure with the appointment of the following two individuals:*

Chief Financial Officer

Boston USA

Reporting to the Chief Executive, this broad role encompasses responsibility for both Finance and Administration activities worldwide. Key aspects include:

- The development of the company's finance function to support ambitious growth plans. Key emphasis is on the design and implementation of financial control and reporting systems across the entire organisation.
- The preparation of the company for an Initial Public Offering on NASDAQ and management of the external constituencies thereafter.
- The supervision and management of all administration and financial matters worldwide.

The successful candidate should have gained senior management experience in a publicly quoted company, preferably on NASDAQ, and be familiar with the requirements of companies in fast-growing technology industries. Reference HH/605.

Financial Controller

Munich

Working closely with the CFO and Financial Controlling staff in the other operating subsidiaries, this position entails the responsibility for the Group Financial Control function. Specific responsibilities include:

- The preparation of the company's financial statements, both under US GAAP and local accounting standards.
- The financial planning, forecasting and analysis, both at subsidiary and consolidated level.
- The enhancement and integration of existing financial control and reporting systems across the organisation.

The ideal candidate is MBA-qualified with a minimum of two years experience in a financial controller role. Alternatively, qualified accountants with a corporate background may qualify. Due to the international scope of the position, fluent English and a strong command of German are essential, as is the readiness for a fair amount of international travel. Reference HH/606.

Both positions offer attractive compensation packages, including bonus and stock option schemes, and rapid career progression within a fast growing organisation. We would like to encourage applications from both European and American candidates meeting the above requirements and also want to address individuals currently active both within and outside *the Information Technology industry. If interested, please send a detailed CV including your current salary, earliest availability and a daytime telephone number* to Harald Heil or Stephen Burke at Michael Page Deutschland GmbH, Mainzer Landstr 39, D-60329 Frankfurt, or to Peter Gerrard at Michael Page, 39-41 Parker Street, London WC2B 5LH, quoting the appropriate reference numbers. We guarantee that your application will be treated strictly confidentially.

MP
Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

INTERNAL AUDIT - TREASURY

Our client, a major Irish financial institution, is seeking experienced Internal Audit professionals for its Group Treasury operation, based in Dublin.

AUDIT MANAGER

Reporting to the Group Chief Internal Auditor, the Audit Manager will be responsible for the management of audit staff in performing objective independent appraisals of treasury management standards, controls and procedures throughout the Group.

Candidates should have at least five years' post qualification experience, with an emphasis on investigation work and the audit of financial services. A background at senior level with a large professional firm or financial institution combined with an appropriate professional qualification, with excellent analytical, interpersonal and team leadership skills, drive and ambition are sought.

A substantial salary, together with a generous fringe benefits package is envisaged.

SENIOR AUDITOR

Reporting to the Audit Manager, the appointee will carry out independent appraisals of the Group's internal controls environment, either as a team leader or working solo.

Candidates should possess an appropriate professional qualification. Experience in areas such as confirmations, brokerage, controls over open currency and interest rate positions, counterparty exposure and electronic payment systems would be an advantage.

Personal attributes sought would be strong analytical and communication skills, high energy levels, a willingness to travel and commercial acumen.

An attractive package comprising a competitive salary and financial sector fringe benefits is envisaged.

Please apply in strict confidence, enclosing a comprehensive c.v. to:

ORION
EXECUTIVE SEARCH & SELECTION LTD

Patrick J. Feeney,
Orion Executive Search & Selection Limited,
64, Northumberland Road, Ballsbridge, Dublin 4.
Tel: (01) 6608151.
Fax: (01) 6682153.

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Stephanie Cox-Freeman
+44 171 873 3694

Corporate Finance Manager

London

£40,000 - £50,000 p.a. + Bonus And Benefits

Our client is a substantial UK group known throughout the world for its creative excellence. In an area of the entertainment sector experiencing radical changes, as the result of both technological developments and customer demands, this client is taking significant steps and is investing heavily to ensure it remains at the forefront of this exciting field.

At the centre of this well-respected organisation is the Corporate Finance function which provides business analysis to the Director of Finance, the Chief Executive and the Board. As part of the department's ever increasing brief a new position has been created.

This role will be heavily involved in determining the strategic direction of key areas of the business. Responsibilities will therefore include:

- Capital investment analysis with particular emphasis on new industry-wide and technological developments.
- Financial, market and competitor analysis.
- Providing financial advice to senior management on proposed actions.
- Direct influence on business efficiency and areas of potential development.

Additionally you will be heavily involved with a wide variety of projects associated with organisational growth. You will be a MBA and/or a commercially driven Accountant (ACA/ACMA/ACCA) who has worked on business development and strategic matters from a financial perspective. You must be able to demonstrate good analytical skills and commercial awareness as well as excellent presentation and influencing skills. You will have a blue-chip background which may include consultancy.

This role offers the opportunity for early high profile exposure and full involvement in key business issues. To discuss this position further write to Karen Wilson at Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London, EC4A 1DY enclosing a recent CV and a note of current salary quoting Ref: HKW/6518/FT

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

FINANCIAL CONTROLLER
CITY LONDON

SALARY C.£45,000 + BENEFITS

Gerald Limited is the London brokerage division of an international commodity brokers with offices in Europe, USA and the Far East, and are members of all major future and options exchanges in London and New York.

The Company is seeking applicants for a management position to head the accounting function.

The Financial Controller will be responsible for SFA financial compliance and statutory/management information, reporting directly to the Board. The Controller will head a department of 9 staff and will be involved in all aspects of the Company's business.

With a commodities or trading background, the successful applicant will be a qualified accountant (ACA/ACCA) age 30+ with good systems experience and effective communication skills.

Please submit CV and letter indicating current salary to: Nikki Vernon Browne, Personnel Manager, Gerald Limited, Europe House, St Katharine by the Tower, London E1 9AA.

MOORE

Moore International BV is a subsidiary of Moore Corporation Limited, a global leader in delivering information handling products and services that create efficiency and competitiveness for customers. Founded in 1882, Moore has approximately 20,000 employees and over 100 manufacturing facilities serving customers in 59 countries with annual sales of US $2.4 billion.

Internal Auditor (French speaking).

The position will involve performing audit assignments and special projects at Moore locations throughout Europe. You will report to the Audit Manager located in the Netherlands. A minimum travel content of twenty weeks can be anticipated. An active policy of internal promotion from the audit department is pursued for individuals who have proven themselves over a minimum period of two years.

The successful candidate will be based in either the **UK, France or Netherlands.**

The ideal candidate should be a qualified accountant aged between 25-30 years, with several years audit experience with a big six firm. Good communication skills, both oral and written, will be required along with strong PC knowledge. English and French language skills are a must.

An attractive salary, dependent upon experience, will be offered.

Please apply without delay, in writing to
Nigel Wright, B.Sc., A.C.A.

Nigel Wright Consultancy.
North Street Court, North Street East, Newcastle upon Tyne
NE1 8HD Tel: 0191 222 0770
Fax: 0191 222 1786

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Andrew Skarzynski on +44 171 873 4054
Stephanie Cox-Freeman +44 171 873 3694
Joanne Gerrard +44 171 873 4153

Financial Directors

Midlands/
North East & North West
England/
Scotland

£40-60,000 p.a.
+ Substantial Bonus
And Car

Our client is a multi-billion pound international group comprising many well-known names in the industrial and commercial sectors. Significant and positive re-positioning of the businesses has generated impressive financial performance.

The growth and development plans of the Group necessitate the recruitment of a number of commercially-minded Financial Directors for key operational units based in the Midlands, various locations throughout the North East and the North West as well as a position in Scotland.

The positions report to individual Managing Directors and have total responsibility for all the aspects of financial control, support and direction the businesses demand. Successful candidates will have technical and commercial stature as well as the personal credibility and communication skills to command authority and influence day-to-day decision making. Strategic vision and the wider corporate understanding to play a major role in driving the businesses forward are likewise essential.

Many of the businesses have considerable potential yet to be fully exploited and Financial Directors must be leading members of the management teams which are tasked with ensuring that maximum benefit is derived as quickly as possible.

The Financial Directors appointed will have true business flair and will thrive on positive change. They will be self-motivated, results orientated and operationally 'hands-on', able to develop professional, high quality, finance functions. An affinity to computerised systems is obviously vital with previous experience of implementation or enhancement of systems being advantageous.

Age 35-45 and qualified you will have a minimum of 5 years' experience in a high profile senior financial position. Previous experience of manufacturing, industrial services, contracting, distribution or related sectors is highly desirable. You must demonstrate a successful track record of achievements in large, fast-moving organisations where the Finance function plays a broad commercial role.

The package is dependant on both the individual position and each successful candidate's profile and experience with relocation being available if required.

To explore these exciting opportunities further you should submit a recent CV and a note of current salary details to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London, EC4A 1DY quoting Ref: HKW/7996/FT.

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

Accountancy Personnel
EXECUTIVE RECRUITMENT

Financial Controller
(Shipping)

Based London WC1

ZODIAC MARITIME AGENCIES LTD.

A successful and well established ship management company employing 120 staff in Central London is currently expanding their operations. They now seek a dynamic, self-motivating achiever to manage and nurture a growing team of experienced professionals and contribute to the further development of the company as a whole.

The Role

Reporting to the Financial Controller, you will enjoy considerable scope to develop the department and its operations. Key responsibilities will include:

- Preparation of management reports and financial statements, motivating and supervising a team of 20.
- Ensuring that internal controls are effective and applied.
- Provision of proactive, commercially led initiatives and support, assisting management to maximise profitability.

The Appointee

Experience within a maritime environment is essential for this post. Your key qualities and strengths should include:

- Excellent financial and management accounting skills.
- A commercial approach to decision making.
- Proven supervisory and man-management skills.
- Ability to meet strict deadlines.
- Computer/IT literacy and problem solving skills.
- Preferred are range 28-45.

Please outline your interest in this opportunity by writing to Helen Cherry, Business Director, Accountancy Personnel Executive Recruitment, 7 Glen House, Stag Place, London SW1E 5AG, enclosing your CV.

Hays

FINANCE DIRECTOR

M25/SURREY

Remuneration
c £45k salary
quality car
non contrib.
pension

A senior finance professional is required by a wholesale and distribution business which is a market leader in its industry. The role has been vacated due to the promotion of the previous incumbent within the group.

The company has turnover in excess of £30 million and operates from a network of distribution centres throughout the British Isles. The business is highly respected, profitable, focused on growth and is part of a substantial international group.

Reporting to the managing director the role will encompass full responsibility for the financial function including legal and company secretarial responsibilities. The IT/systems area will also report to you.

Excellent team building and interpersonal skills are a key requirement of the role. You will need to provide financial guidance to the senior management team as well as maintaining strong external relations on behalf of the company. The successful applicant is likely to be aged 35-45 and will have:

- A recognised accounting qualification, preferably ACA or CIMA
- Energy to contribute to the business allied to a mature style
- A broad range of commercial experience preferably in a similar environment

To apply please send a CV including remuneration details to:

RBS Executive Recruitment

Wolfelands, High Street, Westerham, KENT. TN16 1RQ.
For the attention of Mr JC Mabey - ref:JCM /er12

Closing date for applications:
29 March 1995

INTERNATIONAL MEDIA GROUP
Exceptional roles for young ACAs

London — **to £35k+fx car+bens**

One of the world's largest publishers and information providers, our client is a leader in its chosen markets with interests ranging from scientific journals and online data services to consumer magazines. Highly profitable, annual sales exceed £3 billion, achieving success through strong organic expansion, investment in new products and an active acquisition programme.

Crucial to this successful expansion is the effective integration of newly acquired companies. The London based Audit Team plays a central role in this process, focusing on high risk areas and identifying continual improvements in efficiency. Working closely with subsidiary Finance Directors, the 5-strong team acts as a catalyst for the introduction of change, carrying out pre and post acquisition reviews.

In addition the team seeks to ensure the leverage of best practice throughout the organisation, playing a key part in processing knowledge between business units. Members of the team also look at controls within existing businesses, gaining broad exposure to Head Office and subsidiaries, undertaking approx. 25-30% travel to Europe, the USA and Asia Pacific.

Following a series of promotions to senior line management positions, the team requires 2 additional members, who should be ambitious, bright young ACAs from a major practice. A good degree is essential, together with WP and spreadsheet skills and the ability to communicate effectively both orally and in writing. Successful candidates will probably have 2-3 years' pqe, but exceptional newly qualifieds will be considered. European language ability, particularly knowledge of French or German, would be useful but is not essential; more important is the flexibility to be an effective team player yet be strongly self-motivated.

Career prospects in this growing, international environment are excellent and the rewards outstanding. The company operates a comprehensive training and development programme and in addition to an attractive salary and fully expensed car, benefits include health insurance, share option saving schemes and 5 weeks' holiday.

Applicants should contact us on 0171 242 9191, or outside office hours on 0171 231 8272. Alternatively send or fax your CV quoting ref 100, to:

ALDERWICK CONSULTING
SEARCH & SELECTION
95 FETTER LANE, LONDON EC4A 1EP TEL: 0171-242 9191 FAX: 0171-242 3560

BERMUDA $40K
CHARTERED ACCOUNTANTS

Excellent opportunities with major C.A. Firm. Applicants must have been articled with one of the large 6 C.A. firms.

Please submit CVs in confidence to:
Sarah Winston, c/o I.R.G. (Rec. Cons.), Guild House,
36-38 Fenchurch Street, London EC3M 3DQ.

Finance & Operations Director
with well-rounded General Management skills

Up to £50k + benefits + car — London

Our client is a growing services company with a turnover of over £2m. It is experiencing sustained growth and has an enviable client reputation for service and reliability. The company is consolidating its Finance and Central Operations Support to enhance expansion, and now requires a high-calibre, hands-on Executive.

The Challenge:

* Take responsibility for all financial, administrative and central operational support functions, including legal and Human Resources, providing a proactive role to the Managing Director.
* Review and enhance management processes and disciplines in line with business development.
* Take responsibility for operational support including inventory management and stock audit responsibilities.
* Develop very positive relationships with clients and colleagues, fostering a team approach.

The Credentials:

* You will be a qualified accountant with a strong interest in operational management.
* Probably aged 35-45, you will have an excellent track record in small to medium-sized service companies.
* The credibility and presence to nurture supplier and client relations at a senior level.
* Outstanding interpersonal skills combined with commercial acumen.

Preliminary interviews will be held on 12th/13th April 1995.

Please reply with full details, including recent salary history, to Andy Moss, GMBM Advertising & Research, 27 Floral Street, London, WC2E 9DP, quoting ref: GTR/1, Fax No: 0171 379 3919.

GMBM
Advertising & Research

DIRECTOR OF FINANCE
Manufacturing & Distribution

Bristol — **Package c.£40K +**

A £10 million turnover business, this institutionally backed manufacturing and distribution company is poised, from both a structural and market perspective, to undergo rapid change.

Operating nationally and internationally, they proffer a unique range of products and services on a business to business basis within a niche of the agri-chemical marketplace. Owning both the intellectual property and the manufacturing rights to their market proposition they are positioned perfectly to answer the demands from the growing environmental lobby.

They require a hands-on operating Director of Finance, ideally aged between 35 and 40, to control the finances of this diverse business. Strong cost, inventory, working capital and cap-X control is needed to manage a divergent product/inventory range that calls for standard, marginal and process costing techniques. Experience of overseas trading and foreign currency would be useful.

Proactive systems leadership is essential, not only of network PC's but of mini/midi systems like AS400... with a remit beyond pure financial reporting (making a knowledge of manufacturing procedures and systems like MRP advantageous).

You must possess a robust management style and fit into an entrepreneurial culture where team play and peer loyalty is paramount.

To apply, please write with a full cv quoting ref. no. 1110/FT to Adrian Wheale or Steven Vass, Wheale Thomas Hodgins Plc, Executive Resourcing, 13 Berkeley Square, Clifton, Bristol BS8 1HG.

WHEALE · THOMAS · HODGINS · PLC

Progressive Global Media Conglomerate
Internal Audit Manager

London — **£40,000-£45,000 + Benefits**

This is an outstanding opportunity to join a progressive international media, television and entertainments group. The organisation is at the forefront of one of the world's most rapidly changing sectors. With a turnover exceeding £2.5 billion and established global interests they are placed to take maximum advantage of the opportunities that lie ahead.

As a result of internal promotion an opportunity has arisen to play a pivotal role in a high profile department, which ensures that the business utilises its substantial resources efficiently. This involves sustaining excellent systems for financial management and business control.

This appointment offers the opportunity to have a significant impact on decision making at the most senior level within the organisation. There will be regular contact with the Board and other Senior Operational Management. You will provide a business focused service to the group, taking on special projects and value for money audits that follow the rapid developments that have occurred within the business. Additionally, you will supervise a large department of qualified professionals managing projects and initiatives designed to address principal risks faced by the organisation.

The individual we seek will be a qualified accountant with at least two/three years post-qualified experience with a Big Six Firm, or within the audit function of a major international business. You will be able to demonstrate a thorough understanding of accounting and auditing standards as well as IT and systems issues. Additionally you will require strong presentation skills, the ability to generate credible business relationships, flexibility and judgement.

The company has a proven track record in providing career development and promotions for individuals who are able to prove themselves.

Please apply immediately.
Write to Guy Matthews at GMS -
Goodman Masson Shaw, 2 Bath Street, London EC1V 9DX, enclosing a detailed CV. Tel 0171 336 7711, outside hours, 0181 363 5284. Fax No. 0171 336 7722.

Applications will be treated in the strictest confidence

GMS
GOODMAN MASSON SHAW
Financial Search and Selection

KPMG

Finance Director
Manufacturing

West Midlands c.£35,000 + car + benefits

Our client is a wholly-owned subsidiary, operating independently within a highly respected group. The company is a leading manufacturer in its specialised fields and this important appointment will play a key part in its plans for further growth and development. Turnover is approaching £8 million and employees number c.150.

Reporting to the Managing Director, and being closely involved in setting the company's strategy, the role will assume full responsibility for the presentation of comprehensive monthly and annual accounts to audit level, the preparation of budgets and forecasts, and for ensuring that strict group reporting techniques are adhered to.

Candidates, qualified accountants with proven financial and business skills, must posses a high degree of all-round commercial awareness to make a real contribution to manufacturing, sales and related activities. Strength in analysing ratios, labour and material costs, and other P&L indicators will be of paramount importance.

Applicants should write with full career and salary details, quoting reference B/535/95. As your application will be forwarded direct to our client, please list on a separate sheet any companies to whom your details should not be sent.

Write to: Tracy Lowles, KPMG Selection & Search, 2 Cornwall Street, Birmingham B3 2DL

KPMG Selection & Search